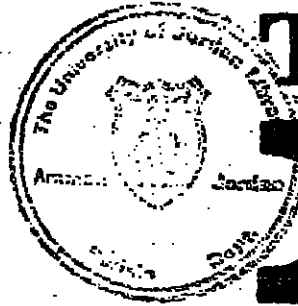


Canada  
may retry  
Holocaust  
debunker  
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THE JERUSALEM  
POST

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EIGHT PAGES  
FROM SUNDAY'S  
**The New York Times**  
WEEKLY REVIEW  
INSIDE TODAY

Revealed: Plan to dump Waldheim

Austrian's secret letter to Thatcher reaches 'The Post'

**Jerusalem Post Staff**  
Alois Mock, Austria's foreign minister and leader of its conservative Austrian People's Party, deems it "advisable to persuade President Kurt Waldheim to resign in the course of 1987, citing health reasons."

Mock made his comment in a letter last December to British Prime Minister Margaret Thatcher, in which he shares her opinion that Waldheim "exerts a detrimental effect on the international conservative movement and isolates Austria from its Western friends." A copy of the letter reached *The Jerusalem Post* yesterday.

Waldheim was elected Austria's president last June as the candidate of Mock's People's Party. His attempt to conceal his role in the German army in Greece and in Yugoslavia during the years 1942 to 1944 made him a controversial figure both inside and outside Austria and seriously tarnished Austria's image.

Mock, who is president of the European Democratic Union — the roof organization of Europe's conservative parties — was last month chosen Austrian vice chancellor and foreign minister in a broad coalition with the Austrian Socialist Party.

There have been unconfirmed rumours in Vienna that Waldheim's eventual resignation was part of a secret understanding between the People's Party and the Socialists when the broad coalition was

formed following the inconclusive results of the national elections last November.

Mock wrote his letter to Mrs. Thatcher three weeks after Austria's national elections in response to a letter by the British Prime Minister. He states in his letter that he finds her "proposal in connection with President Waldheim reasonable," and regrets that on "nominating him the Austrian People's Party could not take into account the political campaign that was launched against him later."

Referring to Austria's isolation which Waldheim's election has caused, Mock says in his letter that "this isolation may result in a more vigorous orientation of the country towards the Soviet bloc."

"Therefore I regard the resolving of the issue opportune. In this way it seems advisable to persuade President Waldheim to resign in the course of 1987 citing health reasons."

Mock points out at the same time that, contrary to foreign policy considerations, "the fact that Waldheim was elected Federal President has consider-



Alois Mock (letter reproduced on page 2)



Waldheim

(Uzi Keren)

ably strengthened the position of the Austrian People's Party — the OVP — since it meant an advance for the conservative forces." He therefore advises Mrs. Thatcher that "we should wait until Austrian domestic political life returns to normal after the elections and leave the issue open until that time."

Ten Downing Street yesterday confirmed to *The Jerusalem Post* receipt of a letter by Alois Mock to Mrs. Thatcher on December 18, 1986. The letter was dated December 15, 1986, the same date which also appears on the copy that reached *The Jerusalem Post*. The British Prime Minister's spokesman declined, however, to comment on the contents of the letter.

In Vienna, the chief spokesman of the Austrian People's Party told *The Jerusalem Post* that they have a record of a letter which was sent by Mock to Mrs. Thatcher on December 18, 1986 on the stationery of the European Democratic Union. It was addressed to "Dear Mrs. Prime Minister."

Mock's letter, of which a copy is reproduced on page 2, was written under the letterhead of the Federal Party Executive of the Austrian People's Party and is addressed to "Dear Mrs. Thatcher."

This discrepancy raises the possibility that the copy that reached *The Post* may have been of the draft of Mock's original letter.



The oil painting "Bathers," by French Impressionist Auguste Renoir, is among the art works that have recently been added to the Tel Aviv Museum's permanent collection. It is a gift of the late Max Bodner of New York who also left the museum a painting by another French Impressionist, Maurice Vlaminck, entitled "Images."

Hostages given a reprieve

**Post Middle East Staff**  
BEIRUT. — A Shi'ite group postponed "for the time being" its threatened execution of four foreign hostages, just minutes before the midnight deadline was to expire last night.

In a message sent to a Beirut international news agency at about 11:55 p.m., Islamic Jihad for the Liberation of Palestine said that it had stayed the death threat due to requests by the hostages, their families and certain Lebanese organizations.

Earlier yesterday, the three Americans under the death threat said in a letter they would be killed at midnight unless last-minute pressure persuaded Israel to free the 400 prisoners.

The letter, delivered in mid-afternoon to an international news agency in Beirut, was not signed by the fourth hostage held by the group, Indian Mithilshwar Singh.

Islamic Jihad for the Liberation of Palestine previously had said it would kill Singh and the three Americans — Alan Steen, Robert Polhill and Jesse Turner — unless its demands were met by Israel.

The three-page handwritten letter, accompanied by a colour photograph of Steen, said: "This is the last letter to our wives and the American people."

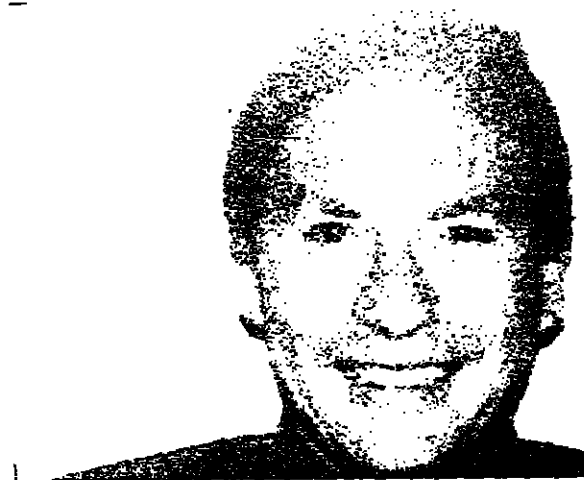
"We will be executed at midnight. Until then, if you do love us and your hearts beat for us, put pressure on Israel to show good will."

"Let Israel promise the organization (of the kidnappers) plainly and officially that 400 Palestinian Mujaheds (strugglers) will be free. Otherwise, we won't be alive after midnight."

Steen's wife, students and officials of Beirut University College, where Steen and the other three hostages were abducted two weeks ago, authenticated Steen's handwriting in the letter.

Despite the gloomy tone of his message, Steen smiled broadly in the Polaroid picture attached to the letter. He wore a blue sweater and was clean-shaven, unlike his appearance in a six-minute videotape message on Sunday with a short beard grown in captivity.

Steen said his Islamic Jihad captors were unwilling to reconsider the death verdict or extend the deadline.



U.S. hostage Alan Steen, one of four professors abducted at American University, Beirut, on January 24, is shown in this Polaroid picture released Monday by the Islamic Jihad organization. (AFP photo)

Steen also wrote: "If Israel is not ready to reconsider its attitude, the American people must put pressure on our government and convince it to reconsider its relationship with Israel... at least after our death."

He warned the U.S. against attacking Lebanon "so that the lives of American citizens don't become

jeopardized."

Steen ended the letter with sentimental words to his wife Virginia Rose, 35, of Jackson, Mississippi, saying: "Listen love, I don't want to see you cry any more. Tell them to release the 400. I love you, Virginia."

In a brief footnote, Turner told his

Lebanese wife Bader, who is pregnant, "I hope the baby will be good. Please pray and help us."

In another footnote, Polhill told his Lebanese wife, Firyal, "Sorry I've messed up so much" and said: "Love to my students, too. Sorry I let them down..."

A BUC spokesman said the wives of the four university professors were all "frightened, panicky and almost hysterical. Each is waiting in her own living quarter on campus with close friends."

Mrs. Steen was asked shortly before the letter came whether she felt the kidnappers were serious about the death threat.

"I don't know what to say about that," she said in tears. "I think everyone knows here what these men have been doing and what an inspiration they have been to the whole community. Everybody knows that they have nothing to do with politics."

A total of 26 foreigners are missing and believed kidnapped in Lebanon — eight Americans, six Frenchmen, two Britons, two West Germans, two Saudi Arabians, an Italian, an Irishman, a South Ko-

Budget feud keeps  
both sides tense

By ASHER WALLFISH  
Post Knesset Correspondent

Talks between leaders of the Alignment and Likud factions ran aground last night when they failed to reach agreement on the option of allocating Treasury funds to settlements in Judea and Samaria, once the settlers' requests had been sifted by Finance Minister Moshe Nissim.

Alignment faction chairman Rafi Edri consulted with Vice Premier Shimon Peres on a formula which would be sufficiently ambiguous to leave the door open for funding the settlements eventually, without transforming that possibility into a certainty and without giving that possibility the blessings of the Alignment.

Should that formula not be found, *The Jerusalem Post* was told last night, the past fortnight's arguments between the two big parties could explode into a genuine coalition crisis, which would cast a heavy cloud over Prime Minister Yitzhak Shamir's visit to Washington next week.

Shamir yesterday told Likud members of the Knesset Finance Committee that the budget crisis could lead the country to new elections, Israel Television reported.

Last week, the Alignment agreed to accept a formula whereby it would vote for any funding proposals which Nissim would submit. It had then believed that Nissim would not offer any additional budgets to the Judea and Samaria settlements. But having seen how Nissim and Shamir had given way somewhat under the pressure of the pro-settlement lobby, the Alignment last night was loath to commit itself to backing everything which Nissim might in future propose.

Alignment faction leaders therefore told their Likud counterparts last night that they would commit themselves solely to backing proposals by Nissim which "conformed with the coalition agreement."

Nissim then asked rhetorically: "Which means that you would refer my possible proposals over to the inner cabinet where you can stall them indefinitely, I suppose?"

Haim Ramon, the chief Alignment representative in the Finance Committee, said to Nissim: "You could not expect us to let you bypass the government and go directly to the Knesset Finance Committee with proposals which diverge both from the budget and from the coalition agreement, such as establishing 12 new settlements in Judea and Samaria, instead of the agreed six."

Earlier in the day, when the Alignment executive received a delegation of development-town leaders, Peres gave facts and figures to show that per capita investment as well as current budgeting was far higher in the Judea and Samaria settlements than in the development areas.

Alignment MK Yisrael Kessar, the secretary-general of the Histadrut, said: "For seven years, the Likud fawned on the development towns to get their votes in order to take budgets from those towns and transfer them to Judea and Samaria."

Earlier yesterday, Shamir waved the big stick at his Likud faction leaders, and warned the maximalists who are demanding big budgets for Judea and Samaria settlements that they could split the faction and provoke early elections if they did not go part way to meet the finance minister.

(Continued on Page 2, Col. 1)

No U.S. request to Israel

**Jerusalem Post Staff**  
As of late last night, Israel had received no request from the U.S. to release Lebanese prisoners, as demanded by the kidnappers of three Americans and an Indian in Beirut, according to government officials.

Vice Premier Shimon Peres, speaking to reporters in Jerusalem, said last night: "Nobody has approached Israel and Israel will not take any initiative on that issue."

Peres said Israel would not meet the kidnappers' demands, and did not even know which 400 prisoners the kidnappers wanted released.

Peres also cast doubt on an offer by Nabih Berri, leader of the Shi'ite Amal militia, to include an Israeli airman captured last October in a prisoner and hostage swap. "When one reads carefully the message of Nabih Berri, [one] can immediately see the complications in it," he said.

In Washington, White House

spokesman Marlin Fitzwater confirmed that the U.S. had not contacted Jerusalem on the demand by the kidnappers, who call themselves the Islamic Jihad for the Liberation of Palestine.

"We have not talked to the Israelis," Fitzwater said.

But in an unconfirmed report, Israeli TV said last night that Washington and Jerusalem had in fact consulted on the issue yesterday.

Defence Minister Yitzhak Rabin, speaking in Afula yesterday, indicated that Israel would be willing to negotiate for the release of Israeli captives if there were no way to free them by military action.

Rabin was answering questions from students at the Obel Sara community college on the possibility of a prisoner exchange for Israelis missing in action in Lebanon or held by Lebanese terror groups.

Israelis held by terrorists, Rabin said, "are not American civilians who refused to leave Beirut and were kidnapped. They are all soldiers, who did not choose to be near Sultan Yakub, or in Lebanon, or in the security zone. They were sent there as soldiers."

"If I have no way to bring them back by means of a military action, I'm not ready to say I don't care about them. It's very easy to be a hero and say 'I don't care about them' and I'm not prepared to do what Israel has done seven times since 1948," Rabin said, in an apparent reference to past prisoner exchanges.

**Joshua Brilliant adds from Haifa:**  
Speaking to reporters last night in Haifa, Rabin made it clear that he would not want to free prisoners to secure the release of the Americans and Indian hostages in Lebanon.

Soviets allow Begun family to demonstrate

**MOSCOW (AFP).** — A dozen Soviet Jews, including the wife and son of jailed dissident Yosef Begun, demonstrated for an hour-and-a-half in central Moscow Monday — without being arrested — in support of their demands that he be released and that they be allowed to emigrate to Israel.

The demonstration, led by Inna Begun and Begun's 21-year-old son Boris, assembled at 10 a.m. in the Arbat pedestrian mall in Moscow's main shopping centre.

Begun, a teacher of Hebrew, is serving a seven-year jail sentence, to be followed by five years internal exile, for "anti-Soviet agitation."

In the past, most attempts by refuseniks — those denied permission to emigrate — to bring their cause



Inna Begun (Louis Rapoport)

before the public have been met with swift arrest and detention.

Militiamen stood nearby but made no attempt to break up the demonstration or disperse the crowd of onlookers, who numbered as many as 200 at times during the group's 90-minute protest.

Begun's son, said all other Chistopol political inmates sentenced under Article 70 were released by government decree last week. Article 70 prohibits anti-Soviet agitation and propaganda, and has been used against those disseminating religious materials and political statements critical of government policy.

Word of the group release, which has not been publicly announced, was spread over the week-end by dissident sources in Moscow.

"He is the only one left," Boris Begun said of his father. He said he planned to visit the Supreme Soviet

(Continued on Page 2, Col. 5)

Amal blames Arafat for bomb

**BEIRUT (AP).** — A car bomb exploded in a crowded Shi'ite Muslim suburb of Beirut yesterday killing 15 people and wounding 80, police said.

Four other people were killed and 12 wounded in mortar and rocket duels between Palestinians and Shi'ite Amal militiamen for the control of refugee camps near the blast scene.

The bomb-laden car, a white Mercedes-Benz, detonated at 2:45

p.m. near a petrol service station in the Rowweiss district.

Militiamen of Justice Minister Nabih Berri's mainstream Shi'ite Amal movement took to the streets firing their automatic rifles in the air to make way for ambulances and cars that evacuated the casualties.

The Amal militia, in a statement, accused PLO leader Yasser Arafat of engineering the car bomb.

Nurses call sanctions

By JUDY SIEGEL

**Post Science and Health Reporter**  
Outpatient clinics will not operate, elective operations will not be performed and nursing staffs will be cut to the bone today if hospital nurses carry out their threatened 24 hours of sanctions.

Nurses say they are taking the action because the government has failed to honour an accord signed

with them three months ago.

The nurses decided last night to exempt geriatric and psychiatric departments from the sanctions.

Histadrut Secretary-General Yisrael Kessar and Trade Union Department chief Haim Haberfeld met yesterday with Finance Minister Moshe Nissim about the nurses' demands and called for full implementation of the agreement.

Big jump in interest rate

By PINHAS LANDAU  
Post Finance Reporter

Interest rates, including those on bank overdrafts, will rise by over 50 per cent at the end of this week following yesterday's surprise move by the Bank of Israel to push interest rates up by 1 per cent per month.

The central bank said the measure was temporary, and was a response to the wave of price rises sparked by last month's devaluation and the ongoing surge in borrowing. The move brought mixed reactions yesterday. Bankers and economists said that the hike was inevitable given the increased rate of inflation, while businessmen denounced it as unnecessary and damaging.

Bank Leumi announced that it was raising its prime rate from 19 per cent to 30 per cent per annum. (2.5 per cent per month in place of the current 1.58 per cent.)

This is less than the 12 per cent per annum increase implied by the Bank of Israel's announcement, and it remains to be seen whether other banks will follow Leumi's lead.

In a separate development, Prime Minister Shamir met last night with Leumi chairman Meir Hersh, other senior Leumi representatives, and First International Bank chairman Zadik Bino, who is the favoured candidate to replace Mordechai Einhorn as Leumi's chief executive officer. (See story, page 9)

43 killed as Afghan  
plane shot down

**ISLAMABAD (AP).** — Muslim guerrillas said one of their missile crews shot down an Afghan Air Force transport plane near the Pakistani border yesterday, killing 43 people.

Afghanistan's Communist government confirmed in a radio report last night that the Soviet-made plane had been downed by a missile near Khost.

But the government report said the Antonov-26 plane was carrying civilians and that 36 people were killed, most of them women, children and old men.

Eleven wounded in Nablus violence

By JOEL GREENBERG  
Jerusalem Post Reporter

**NABLUS.** — IDF soldiers yesterday shot and wounded four persons in the Balata refugee camp and seven students at An-Najah University while breaking up violent demonstrations. A curfew was clamped on Balata and An-Najah was ordered closed for a month.

Residents of the camp said trouble began after they held a general strike to protest a recent security crackdown by the IDF. Stores remained closed, labourers did not leave for work in Israel and schools were shut.

Camp residents carrying placards held a protest march, but were ordered to disperse by soldiers.

An IDF spokesman said dozens of youths in the camp pelted security forces with stones and empty bottles, burned tires and waved Palestinian flags. He said security forces called on the youths to disperse, but when they refused to scatter and endangered the troops, soldiers fired rubber bullets, wounding a teenage girl in the back.

A 14-year-old boy was also injured by rubber bullets, and two other persons wounded by live gun-

fire. The spokesman said a preliminary investigation found the troops had fired when threatened, which was in keeping with the army's standing regulations.

At the Rafidiya hospital which was guarded by a row of soldiers, Zakiyah Saleh Sanakra, 16, said she had been struck by rubber bullets fired at her without warning. She said she was hit after leaving her house during the curfew to collect a younger brother who had remained outside.

At An-Najah, students demonstrated at the campus after hearing of

the injuries in Balata. They later left the university and built stone and barrel barricades on roads leading to the campus, where they were met by troops.

During the confrontation which lasted through the afternoon, students shouting "Allahu Akbar," charged in small groups at the troops, hurling stones from behind the barricades and stone walls, and from rooftops. They were backed by women students, some in traditional Moslem dress.

Border Police fired tear gas canisters and shot in the air to drive away

the students, who later moved back toward the troops. IDF reinforcements fired in the air and over the students' heads, before shooting at the crowd. Shots could also be heard from a road above the campus.

Students kicked away or doused the tear-gas canisters with water, and in one instance, hurled a canister back at a group of soldiers, forcing them to flee to the jeers of the crowd.

In downtown Nablus, a policeman was lightly wounded by a stone thrown at his jeep.

McFarlane  
hospitalized

**WASHINGTON (Reuter).** — Robert McFarlane, a key figure in the Iran arms scandal, has been hospitalized due to a reaction to medication he was taking, a spokesman for the former White House national security adviser said.

"It was an adverse reaction to prescribed medication and he's going to be fine," the spokesman said.

McFarlane resigned in late 1985 as Reagan's top foreign policy adviser and served as an envoy to Iran during secret arms sale negotiations last year.



# The weather at major Swissair destinations

	9.2.87	MIN.	MAX.	C	F	W
AMSTERDAM	6	4	9	45	54	Clear
BRUSSELS	5	3	10	41	54	Clear
BUEENOS AIRES	12	5	21	54	70	Clear
CHICAGO	3	3	3	37	37	Cloudy
COPENHAGEN	1	2	3	34	37	Cloudy
FRANKFURT	7	4	10	45	54	Cloudy
GENEVA	2	3	3	37	37	Cloudy
HELSINKI	1	3	11	34	54	Cloudy
HONG KONG	17	17	21	63	74	Clear
JOHANNESBURG	17	17	21	63	74	Clear
LONDON	5	4	17	41	63	Clear
MADRID	9	4	17	48	63	Clear
MONTREAL	1	2	3	34	37	Cloudy
NEW YORK	1	2	3	34	37	Cloudy
OSLO	1	2	3	34	37	Cloudy
PARIS	1	2	3	34	37	Cloudy
RIO DE JANEIRO	23	23	29	73	84	Clear
SAO PAULO	21	21	28	70	82	Cloudy
STOCKHOLM	1	2	3	34	37	Cloudy
TOKYO	19	19	23	66	73	Clear
TORONTO	1	2	3	34	37	Cloudy
VIENNA	8	3	16	47	63	Cloudy
ZURICH	4	1	10	41	54	Cloudy

\*For the latest weather conditions consult Swissair.

Swissair  
Tel Aviv: 03-5242620  
Jerusalem: 02-5242620  
Tel Aviv: 03-5242620  
Jerusalem: 02-5242620

## THE WEATHER

Forecast: Scattered showers in the morning, partly cloudy later.

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	91	4-12	10
Golan	79	7-12	10
Nahariya	91	7-12	10
Safed	91	5-7	6
Haifa Port	91	5-7	6
Tiberias	91	10-18	16
Nazareth	91	8-13	12
Afula	91	8-13	12
Shimon	91	8-13	12
Tel Aviv	87	10-18	16
B-G Airport	89	8-16	16
Jericho	82	8-20	18
Gaza	79	8-18	17
Beersheba	79	6-18	17
Eilat	30	9-21	20

## BUDGET

(Continued from Page One)

Shamir told the Likud men on the Finance Committee that they had to come to terms with Nissim, because of external and internal constraints. Hence, they should limit their demands.

The prime minister said it would not do at all for him to go to the U.S. with a coalition crisis on his hands.

A coalition crisis with the Alignment over the budget and the debt rescheduling arrangement could not be ruled out, Shamir warned his colleagues. If the budget were not approved, there would surely be a crisis, he said, and that would mean early elections.

A second constraint, which made it vital for the Likud to come to terms with Nissim, was the threat to internal party unity posed by the maximalists in the faction, he said.

Shamir said: "If you believe that the unity of the Likud must be preserved, then you must come to terms with Nissim. You must make it possible for him to take decisions, or else everything we possess could vanish overnight."

Within the Likud faction, and within the Likud representation on the Finance Committee, the Levy camp has been instrumental in holding up the budget and the debt rescheduling arrangement for the UKM. Supporters of Shamir and of Minister without Portfolio Moshe Arens have generally called for restraint and lined up behind the finance minister.

After Shamir left the room, Nissim said he had only just begun studying the financial request of the Judea and Samaria settlers which included "dozens of items, an entire volume." The requests would be examined by the experts as rapidly as possible, he said.

Nissim said it was wrong of the Likud to hold up the approval of the debt rescheduling arrangement for the UKM. In a new proposal, he said the arrangement ought to be approved forthwith by the Finance Committee in overall terms. But the separate sums due to be allocated for rescheduling through the banks over the next four years should be approved in the Finance Committee one by one, Nissim suggested.

The first allocation should be handed over immediately, and the second on April 1, he said. With respect to Judea and Samaria, Nissim flatly turned down all the demands of Levy's associates that he agree on the spot to an overall sum of money and that he authorize the immediate payment of advances on account of this overall sum.

On the development towns, he said, he had already authorized advance payments.

## CORRECTION

The Knesset sub-committee studying the issue of arms sales to Iran confined itself to sales involving the U.S., and not as printed in *The Jerusalem Post* on Thursday, February 5.

**AUTHOR.** - Slogans defaming Arabs were painted early yesterday morning at the entrance to house of author Anton Shammas in Jerusalem. Police are investigating.

## GENERAL DYNAMICS CORPORATION

Extends congratulations to THE ISRAEL AIR FORCE and ISRAELI INDUSTRY on the first delivery of the F-16C FIGHTING FALCON successfully coproduced with Israel

## HOME NEWS

### Does about-face after consultations

# Shamir to tackle U.S. on status of Soviet Jews

By BENNY MORRIS  
Post Diplomatic Correspondent

The Prime Minister's Office yesterday did an about-face and announced that Prime Minister Shamir, during his visit to the U.S. next week, will try to persuade the Reagan administration to withdraw the "political refugee status" the U.S. gives Jews leaving the Soviet Union.

In a series of telephone consultations yesterday, Shamir, Absorption Minister Ya'acov Tsor and Jewish Agency chairman Arye Dulin agreed to launch a campaign to fight

against the "drop-out" phenomenon among Jews leaving the Soviet Union.

Shamir will try to persuade the leaders of American Jewish welfare organizations, such as Hias, to reduce their aid to Jewish emigres from Russia, and to intercede with the administration to reduce the benefits (medical, housing) that the emigres enjoy when reaching the U.S. by dint of their refugee status.

On Sunday, sources close to the prime minister said that Shamir would not approach the administration on the refugee status issues as

this might be regarded in Washington as an offence against the emigres' "human rights," which should include freedom to choose where they wish to go.

Following yesterday's story in *The Jerusalem Post* to this effect, Tsor and Dulin contacted Shamir and persuaded him to reverse his position.

Despite yesterday's announcement, observers in Jerusalem believe that it remains unclear whether Shamir will indeed raise the matter with the administration during his talks in Washington.

### Reminded of warnings against peace parley

## Meridor hoists Peres on his own petard

By ASHER WALLFISH  
Post Knesset Correspondent

Likud MK Dan Meridor reminded Vice Premier Shimon Peres yesterday that on two occasions during the past two years Peres had stated publicly that he opposed the idea of an international conference on Middle East peace.

This reminder followed a briefing by Peres in the Foreign Affairs and Defence Committee at which he stressed that his concept of an international conference was an accompanying forum, and that the negotiations between Israel and its neighbours would take the form of bilateral talks, as Israel had consistently demanded.

The doyen of the National Religious Party, Dr. Yosef Burg, who is a former cabinet minister, said that Peres's warnings of the dangers inherent in an international conference -

warnings made in the two statements to which Meridor alluded - had been totally convincing.

Peres told the committee that Israel had not received any requests concerning release of prisoners as a result of the threat of the Islamic Jihad to kill the four hostages in its hands in Lebanon. Hence, no Israeli reply had been called for.

With respect to South Africa, Peres said that Israel would "lower its profile."

Peres yesterday discussed the international conference issue with Prime Minister Yitzhak Shamir, in advance of the latter's departure on Sunday for Washington.

Peres reaffirmed his position while Shamir said that he hoped in Washington to reinforce the American opposition to the convening of such a conference.

## Bill to curb press over first hurdle

By DVORAH GETZLER  
Post Knesset Reporter

A bill that would severely curb the freedom of the press passed its first reading yesterday by a vote of 13 to 12, amidst accusations from the right and the left that the press had failed to observe its own ethical code and had brought the threat of the law upon it by its own transgressions.

But there were other voices raised against the bill for leaking details of secret investigations that any self-respecting reporter would be bound to publish.

And there were still other voices calling "foul," and insisting that the bill's major purpose was not a concern for the rights of the private citizen, but a desire to protect those in high places, ministers and MKs, for example.

The introduction to the bill states that its purpose is to prevent serious harm to the individual by the publication of complaints to the police against him, or of his arrest or interrogation. Publication of the names of suspects would only be allowed after the filing of charges, or after a decision to file no charge, or after a suspect has been held for 30 days and the courts have determined that his name may be published. The names of persons being investigated by a state inquiry commission may be published from the beginning.

The Democratic Front for Peace and Equality's Tewfik Toubi made the point, which was taken up by other speakers, that the bill also posed the danger of persons disappearing into police custody for up to 30 days without anyone being aware of what had happened to them, or why they were being held. For Mordechai Virshupski (Shinui), who voted to have the bill returned to the government, the bill would be better known as the "gossip" bill. It would merely create the illusion of defending the individual's privacy.

Speaker after speaker scored the fact that the vast majority of arrests do not lead to charges being pressed by the police. Mapam's Yair Tzaban suggested that the press should give the same coverage to a person's being cleared of police suspicions as given to the original report of the suspicions.

The general sense of the discussion was that if the press council puts forward concrete proposals to enforce a strict code of ethics, the Knesset would meet it more than half way.

## TV technicians' chief suspended

By GREER FAY CASHMAN  
Jerusalem Post Reporter

A hastily convened quorum of the Broadcasting Authority management committee yesterday suspended Sion Swery, chairman of the technicians' staff committee at Israel Television.

Swery allegedly ordered the stoppage on Sunday night of the live transmission from Seattle of the East-West NBA All-Star basketball game seven minutes before the end of the match.

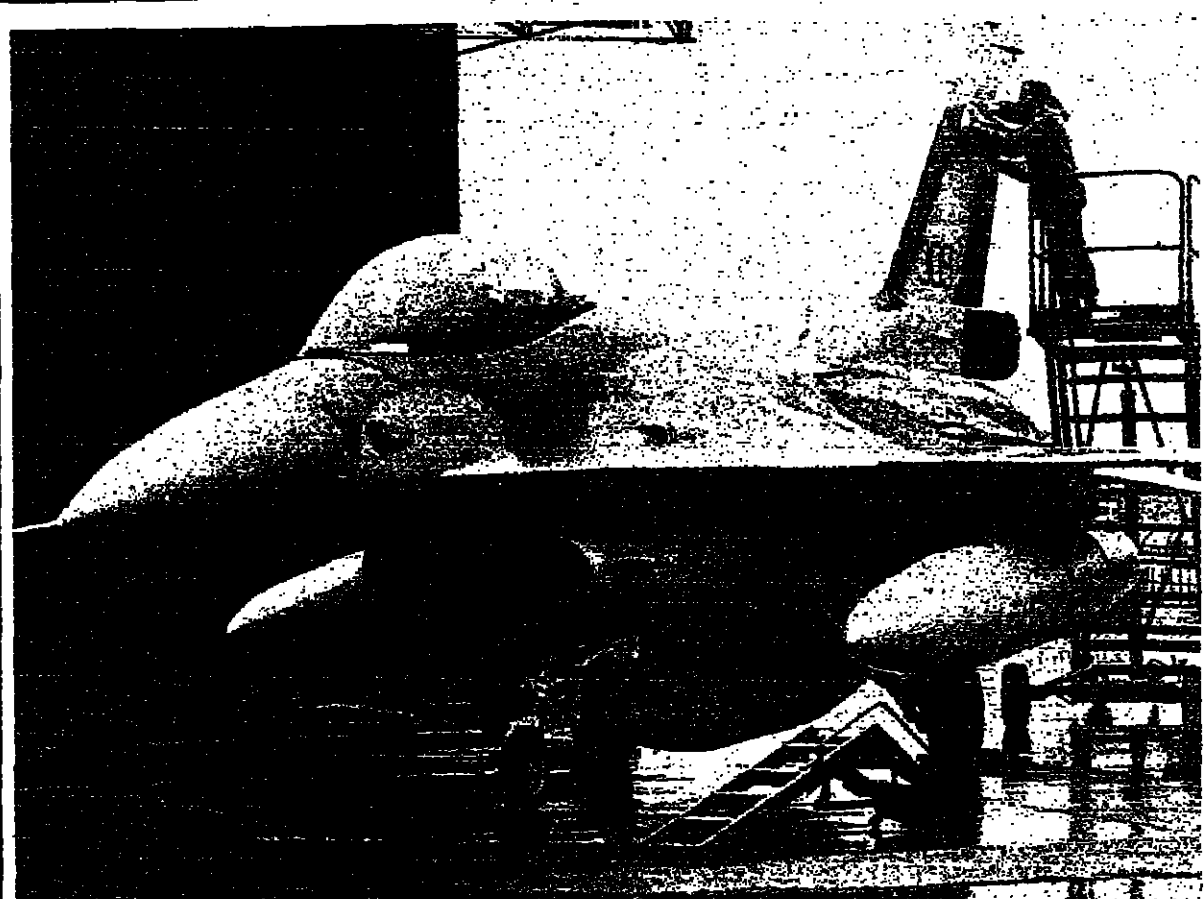
He is the second ITV technicians' staff committee chairman to be suspended in 13 months.

West trounced East 154-149. The viewing public was given no explanation why transmission had been interrupted.

Last night, technicians delayed the transmission of the Mabat news programme by 15 minutes while they met to plan their reaction to Swery's suspension. When Swery's predecessor Hezy Koka was suspended in January 1986 for blanking out the screen during a Mabat programme, the technicians went on strike for a week.

Terming the interruption "an insult to the payers of licence fees" and "a disgrace without precedent," IBA director-general Uri Porat told the management committee that he would demand Swery's dismissal when his case is heard by the IBA disciplinary tribunal.

At a press conference last night, Porat said that he would go to court again if he had to. "This anarchy must be stopped," he declared. "We can't allow ourselves to be terrorised by the workers. They have to understand once and for all that the television doesn't belong to them."



An Israeli Air Force technician paints the blue-and-white insignia on the tail of one of the F-16Cs delivered to Israel yesterday. (Andre Brummann)

## IAF takes delivery of F-16s

By JOSHUA BRILLIANT  
Post Defence Reporter

HAIFA. - Air Force technicians yesterday pasted their blue and white insignia on the tails of three F-16C jets, officially marking their acceptance by Israel.

The sleek planes, which were flown from Texas with one overnight stop en route, are the first arrivals in a three billion dollars purchase of 75 single-seat F-16Cs and dual seat F-16Ds.

In some respects, the planes are similar to the Lavi being developed here, but Air Force commander, Aluf Amos Lapidot, insisted after the ceremony that Israel also needed locally produced planes. He did not specifically mention the Lavi.

The camouflage painted F-16Cs, bearing numbers 305, 307 and 309 in black on their tails, were flown here by U.S. Air Force pilots. At noon, yesterday, after a seven-hour flight, they were met off the Israeli coast by a pair of Israel's earlier version F-16 and escorted to an Air Force base in

the north where Prime Minister Shamir, Defence Minister Rabin and U.S. ambassador Thomas Pickering awaited them.

The planes are a modified version of the standard F-16 multimission fighter. Israel defined its requirements some three years ago after analyzing its experiences with the F-16A and F-16B delivered since July 2, 1980. Studied were the battles in which F-16s had participated, from downing Syrian Migs and helicopters before and during the war in Lebanon to the attack on the Iraqi nuclear reactor near Baghdad.

As a result, the planes have a longer range than the usual F-16C, can carry a greater bomb load and are safer and more reliable, according to Lapidot.

The changes were achieved by installing a General Electric F-110 engine which gives the plane some 27,000 pounds of thrust and enables it to safely maneuver, even if the power of gravity affecting it is nine times normal.

The F-16C is one of the American proposed alternatives to the Lavi, but Lapidot told *The Jerusalem Post* that even with the Israeli items, the Lavi will "definitely" be able to perform tasks the F-16 cannot perform.

Lapidot and U.S. Air Force Major-General Robert Eaglet - the senior U.S. officer at the ceremony - told *The Post* the Lavi will be better suited to meet Israel's needs. Basically, the F-16 has been designed to meet American needs, they said.

According to Eaglet, the Lavi is smaller but more expensive than the F-16. It can perform some tasks which the F-16 will not be able to, and there will be tasks which only the F-16 is able to implement.

Joel Rehbibo adds: "Pickering said 'a good share' of the U.S. fighter plane delivered yesterday was produced according to Israeli defence needs and specifications, and that it represented the U.S.' continued commitment to provide Israel with the 'qualitative edge' in meeting its defence needs."

## Aloni abortion bill to be tabled in Knesset tomorrow

By MENAHEM SHALEV  
Jerusalem Post Reporter

In a decision which might create a new political storm, the Ministerial Legislation Committee last night approved the introduction in the Knesset of MK Shulamit Aloni's proposal calling for re-approval of abortions for "social" reasons.

Communications Minister Amnon Rubinstein and Agriculture Minister Arye Nehamkin voted to submit the bill for a preliminary hearing tomorrow. Acting Interior Minister Roni Milo opposed submission.

Aloni's proposal would permit a duly-appointed committee to approve abortions if "the continuance of the pregnancy is likely to cause grave harm to the woman or her children, owing to the difficult family or social circumstances in which she finds herself and which prevail in her environment."

Such abortions were permitted in a law adopted in February 1977, but permission was revoked in accordance with the Begin government's Likud-Agudat Yisrael coalition agreement.

## Senior post for Arab diplomat

Post Diplomatic Correspondent

The Foreign Ministry yesterday appointed for the first time an Arab as head of mission. The appointee, Mohammed Massarra, will be consul-general in Atlanta. The appointment requires cabinet ratification.

Massarra, a Moslem in his forties, is currently deputy head of the Kfar Kari local council. He is a lawyer and belongs to the Yahad wing of the Alignment.

The ministry appointments committee also made the following appointments, which require cabinet approval and the agreement of the host countries: Amos Ganor, ambassador to Copenhagen; Zvi Tene, ambassador to Santiago, Chile; Avi Siron, ambassador to Quito, Ecuador; Reuven Ben-Eliezer, ambassador to Panama; Menahem Carmon, ambassador to the Ivory Coast, and Israel Eliashiv, ambassador to Singapore.

The committee appointed Moshe Uman as consul-general in Washington.

## U.S. flotilla in Haifa

Jerusalem Post Reporter

HAIFA. - A flotilla of four destroyers and a destroyer tender of the U.S. Sixth Fleet arrived here for a rest and recreation visit yesterday. At a reception held for their commanders by deputy Mayor Shimon Rudik, the guests stressed that their visit had been arranged many weeks ago and had no political or operational significance.

## Kollek vows to help Sur Bahir

Mayor Teddy Kolek yesterday pledged to work to prevent the Israel Lands Administration (ILA) from planting pine trees on 300 dunams of orchards and agricultural land expropriated from the village of Sur Bahir, near Talpiot.

Kollek met with a joint delegation of residents from Sur Bahir and the Talpiot and East Talpiot neighbourhoods, who have joined forces to fight the ILA's plan to have the Jewish National Fund (JNF) turn the 300-dunam strip into a "green belt."

The area is part of a 2,200-dunam parcel expropriated from Sur Bahir

fight the ILA's plan to have the Jewish National Fund (JNF) turn the 300-dunam strip into a "green belt."

The area is part of a 2,200-dunam parcel expropriated from Sur Bahir

## Navon signs culture accord with Spain

MADRID (AP). - Education Minister Yitzhak Navon yesterday signed a cultural accord with Spain which he called "the first line of a new page" in the history of relations between the Spanish and the Jewish peoples.

Navon arrived earlier in the day on the first visit to Spain by an Israeli government official since the two countries established diplomatic relations in January, 1986.

After signing the accord with his Spanish counterpart, Javier Solana, Navon said the accord "is quite comprehensive and will allow for an exchange in the fields of literature, art and education, as well as an exchange of students and professors."

## Basketball results

Twenty-second round of the National Basketball League:  
Maccabi Tel Aviv 117, Elitzur Netanya 87;  
Hapoel Ekron 101, Maccabi Haifa 75; Bnei Tel Aviv 115, Hapoel Ramat Gan 103; Hapoel Haifa 88, Hapoel Givat 84; Hapoel Jerusalem 101, Gali Ezyon 84; Hapoel Tel Aviv 87, Maccabi Ramat Gan 84.

We share the grief of our member  
**Tamar Zinger, and family**  
on the death of  
**ORZAL ZINGER**  
Kibbutz Maagan Michael

In very deep sorrow, we announce the death of my husband,  
our father and our grandfather  
**YA'ACOV REIS**  
The funeral will take place today, February 10, 1987 (Shvat 11, 5747)  
at 12 noon from the Rehov Shamgar funeral parlour, Jerusalem.  
The bereaved family

We express our sorrow on the passing of  
**ABRAHAM URIEL**  
former consul of the Netherlands in Israel  
Moshav Nes Ammim

סניא חילא



## France rushes more troops to Chad, fearing Libyan attack

PARIS (Reuters) — France, fearing a major Libyan offensive in Chad after a large troop build-up, has rushed some 1,000 extra men and new materiel to the central African country, the Defence Ministry said yesterday.

A ministry spokesman said France now had around 2,400 soldiers in Chad and was reinforcing a series of new positions nearer the so-called "Red Line" along the 16th parallel.

The reinforcements, flown in over the past three days from French bases in the neighbouring Central African Republic, will man new bases equipped with anti-aircraft defences in the east central towns of Abeche and Biltine and other smaller posts.

The move follows Chadian reports, largely confirmed by French officials, that Libya has sharply boosted its presence in the north after suffering serious set-backs last month in the face of a Chad government drive northwards.

"The main aim of this redeployment is to provide better support for the Chadian government in the event of a Libyan counter-offensive on Fada or elsewhere," the ministry spokesman said.

Fada, a key oasis town in the northeast of Chad, was an important Libyan garrison until its capture on January 2 by Chadian government troops.

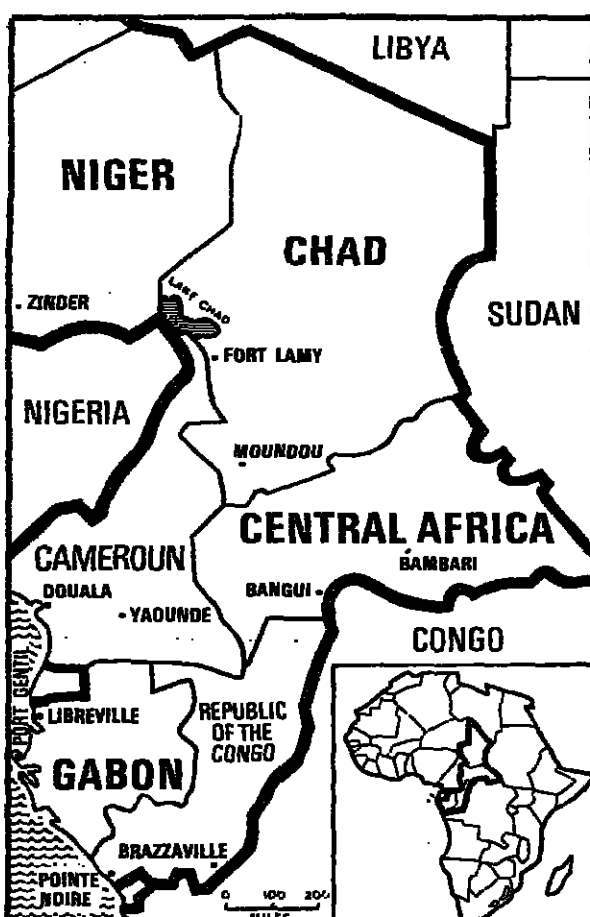
The area around Fada, where Chad reported clashes with Libyan troops Sunday, is one of two battle zones in the huge desert wastes of northern Chad. The other is the mountainous Tibesti region in the north west, near the Libyan border.

The Defence Ministry spokesman also said France was concerned by the possibility of a Libyan attack on Chad from Sudan, Chad's eastern neighbour. But he refused to confirm reports that over 2,000 Libyan troops had already been sighted in Sudan.

The build-up of forces on both sides and mounting tension in Chad coincides with the arrival in Paris yesterday of Organization of African Unity (OAU) chairman Denis Sassou-Nguesso, the President of Congo. His talks are expected to focus on diplomatic efforts to end the conflict.

French officials now estimate Libya's troop strength in northern Chad at some 15,000 men, up from 8,000 early last month. Tripoli says it has sent only a handful of soldiers to rescue a group of captured technicians.

The French force in Chad, first sent last February as part of an operation known as Sparrowhawk, was



previously limited to the area around the capital of N'Djamena.

French officials stressed that Paris had no immediate plans to go north of the Red Line, which until the capture of Fada had divided the country into northern regions controlled by Libya, with a dwindling number of rebel allies, and the south held by Chad government forces. But military analysts said the northwards redeployment appeared to radically alter France's defensive role, which earlier centred largely on anti-aircraft defence for the capital.

## First violence after Philippine truce ends leaves five dead

MANILA (Reuters) — Communist rebels killed five civilians yesterday in the first violence after a 60-day ceasefire, while troops were ordered to strike at guerrillas who launched pre-emptive attacks before the truce ended on Sunday.

A military spokesman said the communist New People's Army (NPA) killed five civilians in the southern province of Davao Del Sur in a dawn attack. He gave no other details.

Armed forces chief General Fidel Ramos said troops were in pursuit of rebels who killed five soldiers and wounded five others in an attack in the northern province of Kalinga-Apayao and others who attacked two farms in the south on Friday.

Ramos said that the armed forces would go after "extremists" — from both the left and the right of the political spectrum — who persist in violating the law.

The National Democratic Front (NDF), the rebels' political arm, rejected appeals by President Cora-

zon Aquino's government to extend the ceasefire and resume negotiations aimed at finding a permanent solution to the 17-year insurgency.

"We will do what we have to do if the extremists in the country persist in violating the law and we will conduct our operation firmly and with consistency," Ramos said.

He told soldiers at the opening of a military training centre west of Manila that the extreme left, which consists of the NDF, the NPA and the Communist Party and their front organizations, uses violence to seize power.

On the extreme right, he said, were certain groups who use money and their own private army "to entrench and perpetuate themselves in positions of influence to gain economic advantage." Ramos did not identify the groups.

He said the military was at the centre of all sectors of society and was "the stabilizing influence for our government and our people during these very critical times."

## Pretoria ambassador raps government halt of reforms

JOHANNESBURG — President P.W. Botha looked certain to face further attacks from white moderates after South African ambassador Denis Worrall disclosed that he had resigned because apartheid reforms had come to a halt.

Worrall, one of Pretoria's most articulate spokesmen, shook the ruling National Party by resigning as ambassador to London last month at the start of the campaign for a May 6 general election for whites.

Breaking a 10-day silence, Worrall told newspapers here that the government had crushed hopes of

amending the Group Areas Act, which designates where people live by the colour of their skin. "This was a big blow to us abroad," he said.

Worrall's interview, splashed across yesterday's English-language *Citizen* newspaper, did not divulge his plans beyond confirming he wants to return to public life here.

His outspoken comments reinforced speculation he will oppose the government at the polls. Worrall said Pretoria's policies had become increasingly difficult to defend abroad and his position had been undermined by government backtracking on key reforms.



After preaching to congregants on the dangers of Aids, Reverend Carl Titchener of the Unitarian Universalist Church in the Buffalo suburb of Amherst provided a not-so-holy alternative to abstinence when he passed out free packages of contraceptive condoms at the end of Sunday services.

## FOREIGN NEWS IN BRIEF

### Sino-Soviet border talks resume

MOSCOW (Reuters) — The Soviet Union and China resumed border talks yesterday for the first time in nearly nine years after signs of concessions from Moscow over the demarcation of their frontier along two rivers.

Soviet Deputy Foreign Minister Igor Rogachev and Chinese Vice-Foreign Minister Qian Qichen head the delegations to the talks, which will seek to pinpoint the border along the Amur and Ussuri rivers. Resumption of the negotiations, which broke down in 1978, follows a gradual increase in Sino-Soviet contacts in economic, cultural and scientific spheres in the 1980s.

### Seoul envoy denies arms shipped to Iran

AMMAN (AP) — South Korea yesterday denied a newspaper report that spare parts for U.S.-built warplanes were shipped to Iran through South Korean arms dealers. Seoul's ambassador said.

The Arabic-language *Ad-Dustour* newspaper Saturday quoted "informed diplomatic sources" in London as saying the spares for Iranian warplanes were shipped through South Korean and West German intermediaries to Iran last month without the intervention of the U.S. government.

The report was "totally groundless," Seoul's ambassador in Amman, Dongsoo Park, said in a statement.

### Cosmonauts reactivate control systems in space

MOSCOW (Reuters) — Soviet cosmonauts Yuri Romanenko and Alexander Laveikin have reactivated life-support and temperature control systems aboard the orbiting space station Mir, the official news agency Tass said yesterday.

The cosmonauts, whose Soyuz TM-2 spacecraft docked with Mir Sunday, had also tested radio and television communication systems and checked other equipment, Tass said.

### Australia raps France over diplomat's ouster

CANBERRA (AP) — Australia accused France of maliciousness yesterday for saying it expelled an Australian diplomat from New Caledonia for alleged support of Libyan extremists in the Pacific territory.

"We utterly repudiate the comments which we regard as malicious," said a spokesman for Foreign Minister Bill Hayden. The official, who declined to be identified, said French Chargé d'Affaires Henri Denaud was summoned to the Foreign Ministry to hear "our displeasure, and particularly that of Mr. Hayden," over remarks by French Overseas Territories Minister Bernard Pons in Noumea, New Caledonia, last week.

### Arafat meets Polisario leader

ALGIERS (Reuters) — PLO leader Yasser Arafat Sunday night met Mohamed Abdelaziz, leader of the Polisario guerrillas fighting Morocco for the independence of the western Sahara, the Algerian News Agency APS reported. In Rabat, PLO representative Abou Marouane told Reuters the meeting was a chance encounter and did not signal a change in the PLO position on the western Sahara. The PLO does not recognise the Saharan Arab Democratic Republic proclaimed by the Polisario 11 years ago.

### Palestinians 'may eat human flesh'

BEIRUT (AFP) — It is permissible for Palestinians besieged in refugee camps in Lebanon to eat the flesh of bombardment victims as a last resort, the spiritual leader of the Shi'ite Moslem fundamentalist Hizbullah party ruled here Sunday night.

Sheikh Mohammad Hussein Fadlallah said the famished Palestinians' appeal Friday to eat human flesh was a "political" move to arouse "humanitarian reactions."

"But that does not diminish the drama of the Palestinians subjected to a food blockade," he added in an interview with Agence France-Presse.

## 'Televisé Politburo meetings'

## 'Pravda' prints letters attacking party officials

MOSCOW (Reuters) — *Pravda* published hard-hitting letters from its readers yesterday, including a demand for more news on how the ruling Politburo works and a complaint that cynical Communist Party members monopolize the best jobs.

Stepping up its drive against opponents of the policies of Kremlin leader Mikhail Gorbachev, the Communist Party newspaper also gave space to one reader who accused middle-ranking party and state officials of sabotaging the Kremlin's initiatives.

The 27 letters, which covered an entire page of *Pravda*, were published in accordance with Gorbachev's campaign to involve ordinary Soviet citizens in a collective effort for social and economic renewal.

*Pravda* quoted one reader as saying: "We must promote more intelligent, capable non-party specialists to responsible positions. I am 40, but I have never seen or heard about a non-party factory director or head of local government."

The reader, a construction worker named I. Gashev from the city of Ordzhonikidze in the northern Caucasus, went on: "How can we talk about democracy in personnel policy if this state of affairs continues?"

The worker's bitterness was echoed by another reader, G. Arlashin from the Ukraine, who wrote: "Most of us Soviet people are honest and patriotic. The only difference is that some have a party card tucked in their pocket and others don't."

Gorbachev told a meeting of the party's policy-making Central Committee last month that more non-

party members should be promoted to responsible positions, and vowed that the party would cleanse its ranks of careerists and opportunists.

Another *Pravda* reader, discussing the Soviet leadership's drive for change, wrote: "I can imagine under what stress the Politburo, the headquarters of reconstruction, has to work."

"But I would like to know just how this difficult work is carried out. How are decisions taken? How democratic is this process?" the reader, N. Kobzyev from Kiev, asked.

"I am deeply convinced that a television report on the Politburo's work would be an extra mobilizing force for implementing its decisions."

The Politburo, the highest party organ, at present has 11 full and eight non-voting members. Under Gorbachev's leadership it has sought to issue bulletins on its weekly meetings, but it has revealed little of its internal procedures.

Several letters complained of lethargy and resistance to change in the party and state apparatus. "To mask its protest, the administrative apparatus in enterprises and institutions has assumed the position of actively doing nothing," V. Karashev from the city of Dnepropetrovsk wrote. "There is only one word to describe this position — sabotage," he declared.

Another reader, B. Mudrovhof Moycov, wrote of "an insurmountable wall of indifference, lack of attention and lack of respect towards your average party member which has built up in the central party and local council organs. (Reuters)

## 1,000 homeless in Pacific quake

PORT MORESBY (AFP) — At least 1,000 people lost their homes when a major earthquake rocked the Papua New Guinea island of Umboi early yesterday, a government official said.

Most buildings in the island's administrative centre of Siassi had been destroyed or badly damaged by the quake, the official said in Lae, on the mainland.

A monitoring station here said the quake, registering 7.4 on the open-ended Richter scale, was centred only a few kilometres from Umboi, an island off northern Papua New Guinea.

The official in Lae said helicopters flying over the island had reported extensive damage with entire villages flattened and bridges destroyed. The full extent of damage was not yet known.

## The unravelling of a crisis

By SIMON HOGGART

WASHINGTON — A few yards from the Capitol, a group of mainly small boys with fifes and drums, wearing wigs and tricorn hats, stood shivering in the cold.

Then, to the beat of a single drumstick, they marched across the road at the "Walk" sign, through the doors of an office block and into the lift, where they had to break formation. They were heading up to the main reception room of the Reserves Officers of America, a group so patriotic that even the little men and women on the toilet doors are in uniform.

The occasion was President Ronald Reagan's birthday. Parties often have titles here, and this was called "Spirit of '76," a reference to the 1776 Declaration of Independence and to the president's age. He has lived through more than a third of the Republic's existence.

Frankly, it wasn't much of an occasion. The crowd was thin — divided between elderly ladies and the kind of young men who look as if they were born in suits. Many of them wore Oliver North badges. The master of ceremonies was Congressman Bob Dornan, of California, the engaging right-wing nut who nearly made North cry by quoting Kipling at him in December when he was refusing to testify to Congress.

Dornan promised that "under the leadership of our great president, we are going to have his most exciting two years." He explained that, regrettably, the president couldn't actually be with them — indeed, couldn't even address them by phone. "If he made just a 15-second call to all the parties that are being held, they'd have to spread them over three or four weeks."

In fact, Reagan had made one of his rare public appearances that morning, turning up at the annual Prayer Breakfast in Washington, where he got down on his knees to pray for the hostages in Beirut. For the time being, it's all the help they're getting.

Back at the party, the young men in suits were explaining that all was not lost. People didn't really care about Iran, they said. The president was as popular as ever. Suggestions that he had lost his grip were lies put about by the liberal media.

That the "Spirit of '76" was all rather wan and downbeat seemed a fitting sort of celebration for the end of this administration. This is the real difference between the Iran scandal and Watergate: the earlier crisis moved inexorably towards the climax of Nixon's departure, whereas this one is a processor slow unravelling, of winding down.

There is, for example, the problem of filling all the administration jobs which have now become vacant. When it became clear that the CIA director, William Casey was too ill to return to his job, the White House tried to recruit Howard Baker, a modern and well-respected Republican. Baker turned them down, partly because he may run for president next year, but mainly because nobody wants to work with White



Reagan and Regan



House Chief of Staff Donald Regan. Instead, they had to choose Casey's deputy, Robert Gates, who must have been closely involved with some of the agency's more contentious undercover work and thus brings with him several hostages to fortune.

Last week, Reagan lost his director of communications, the barefisted ideologue Pat Buchanan, who was regarded as the last "movement conservative" — code for "right-wing zealot" — in the White House.

Like many masters of rhetoric, Buchanan was bad at office politics and found himself increasingly boxed in by Regan.

Another thought likely to quit soon is Richard Perle, the deputy defence secretary, who hates Russians with all the old-fashioned ferocity of a hillbilly feud.

Reagan's political director, Mitch Daniels, has already gone. He will probably not be replaced, on the transparent excuse that the president has no more elections to fight.

As one political specialist said last week: "The time is coming when the White House is going to include just two people, Reagan and Regan talking to each other."

The administration suffered a rebuff last week from its own allies, who effectively called off the Rome anti-terrorism meeting scheduled for the weekend. The implication — that nobody can trust U.S. judgment in these matters — is clear enough and has been understood here.

Despite the near-panic in Europe almost nobody in Washington imagined that the U.S. naval maneuvers in the Eastern Mediterranean could be interpreted as preceding military action in Lebanon. A rescue mission for the hostages was "fantastic," according to William Quandt, a Middle East expert who used to be with the National Security Council.

"They may have thought it was worth having a presence in the area in case the hostages were executed, just to show there is a price to be paid," he said. "But the hard-headed hostage-takers know they are not going to be hit — in fact, a strike might hit some of their rivals, so they may welcome it."

The possibility that the American hostages in Lebanon might be murdered is the administration's next problem. Desperate to assert American authority, and to show the U.S.

## New Japanese solar cells are translucent

TOKYO (AP) — Sanyo Electric Co. of Japan said yesterday it has developed the world's first translucent amorphous solar cells, which generate electrical power from the sun's energy while at the same time letting light pass through.

Sanyo spokesman Shigehiko Masuda said the new solar cells can be used, for instance, in automobile sunroofs to power the car radio with solar energy. They may also be used for home windows, skylights and outdoor and indoor greenhouses.

Masuda said the cost of generating electrical power with the new cells is 1.5 times that of conventional amorphous solar cells.

## Hadassah Medical Organization Hadassah Jerusalem now also in Tel Aviv.

Hadassah Jerusalem clinics, staffed by specialists in various fields of medicine, are now operating in Tel Aviv.

The Hadassah Medical Organization management has enabled members of the public residing outside Jerusalem to receive medical advice, treatment and follow-up in an area nearer to their homes. Patients will be treated by Hadassah personnel specializing in various branches of medicine.

Visits to the clinic will be charged at between NIS 10-NIS 17, depending upon the national tariff approved by the Ministry of Health. Patients referred by the various Kupot will be accepted.

**Hadassah Clinics: Beit Harofim-Medical 18 Reines St., Tel Aviv Sunday-Thursday 2-5 p.m.**

For appointments and information, please phone: 03-228812. Patients wishing to be attended by a particular physician, may arrange this through the Private Medical Service (Sharap) operated by Hadassah.

Jerusalem telephone numbers: 02-466335, 02-422287. Tel Aviv telephone number: 03-228812.

## ERETZ Magazine— Winter 1987

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- Desert delights: The ERETZ Guide to Travel in the Negev Highlands
- "Delivering the Goods" — The Nabatean Spice and Perfume Route
- "Kaffiyeh versus Tarbush" — Moslem Attitudes with Regard to Dress
- "The Boat that Came up from the Sea" — The First Ancient Boat Discovered in the Sea of Galilee
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## Minister takes on hostile audience at Beit Berl

## Arens calls for Arab 'integration'

By ELAINE RUTH FLETCHER

For The Jerusalem Post  
Israel's Jews and Arabs must strive for "integration" rather than mere "co-existence," says Minister without Portfolio Moshe Arens.

Democratic values, such as tolerance and non-violence, must be the social glue that binds the two peoples together, the minister in charge of minority affairs told a forum on Jewish-Arab relations at Beit Berl on Sunday night.

But the audience, dominated by Arab local council members, attacked Arens for politically carving up the Arab minority into still smaller groups — Druse, Beduin, Circassians, Christians and Moslems.

"When you break up Arabs into categories...this is creating schisms — not integration," said Assad Azaze, local council chairman of Dabburia.

"The Arabs build Israel, the Druse guard Israel and the Jewish people live — that's the real fact of life," said Ahmad Abu Asbah, head of the Jat local council.

Asbah protested that Arab labourers are literally building the state today without receiving the same local budget allocations, tax and national insurance benefits as the Jewish sector.

"What is the meaning of integration? That the Arab population will feel they are at home, at ease, equals among equals, identifying with the state and partners in the state."

Coexistence, on the other hand, merely implied



Moshe Arens.

(Kahana/Media)

the uneasy existence achieved between antagonists who have opposing aspirations, he said.

"There doesn't have to be an opposition of aspirations of interests, between Arabs and Jews," Arens asserted.

"...Still, is it possible to arrive at an integration of the Arab citizenry in Israel, when, after all, Israel is not America?"

"In the state of Israel, there is something uniquely Jewish. Will Arab Israelis be able to identify with this unique quality, which is a Jewish quality? It seems to me that this is not impossible."

But in order for this to happen, said Arens, Arabs must come to grips with the unique ele-

ments of Jewish experience — and particularly with how the Holocaust propelled the state into existence.

Arens' Arab audience countered that Jews must come to grips with the Arab dilemma. "You talked about the Holocaust. What is happening in the refugee camps in Lebanon is not a Holocaust?"

"Let's call a spade a spade," retorted Arens. "Do we think a Holocaust is the same thing as when each side is killing each other every day. It's not the same. It's far from being the same."

Arab participants also complained that the Arab sector still had not been allowed to play a large role in determining its own fate on day-to-day issues.

"Everyone wants integration and coexistence. But it should not be that of a horse and his rider. The question is whether we can be partners in our fate," said Samir Darwish, local council head of Baka al-Gharbiya.

Israel's democracy won't fully embrace the Arab minority while the West Bank occupation persists, added Abu Asbah the Jat local council head.

Azaze complained about Arens' new proposal for providing Druse with access to various government tax breaks, housing subsidies and job opportunities now open only to the Jewish sector.

"If you want to create integration, do it for all Arab citizens — this only puts us farther away from our goal," he said.

## Canada weighs retrial for Holocaust debunker

By NOMI MORRIS

For The Jerusalem Post

TORONTO. — The attorney-general of the Province of Ontario has promised to announce within a short time whether Ernst Zundel, believed to be the world's most prolific publisher of anti-Jewish literature, will again stand trial on charges of spreading false news.

For many Canadians, the prospect of a new trial reawakens vivid memories of a grisly seven-week court case two years ago, when concentration camp survivors were accused of lying and a parade of "revisionist" historians testified that the Holocaust was a hoax.

The German-born Zundel, 48, made front-page headlines last month when a provincial appeals court overturned the 1983 conviction and 15-month jail sentence.

Yet in what is considered a key ruling on the nation's less than five-year-old constitution, the appeals court upheld the section of the criminal code under which Zundel was charged, saying that the right to freedom of expression is not absolute.

Spreading false ideas "would appear to have no social or moral value which would merit constitutional protections," stated the ruling.

Instead, the retrial order was based on legal errors which were deemed to have denied Zundel a fair trial. The five-member appeals

panel said the original judge misled the jury when he counselled that Zundel could be convicted if he did not honestly believe his publications rather than if he knew them to be false.

Heleen Smolack of the Canadian Holocaust Remembrance Association, the group that began proceed-

**'No gas chambers in Nazi Germany'**  
**'Auschwitz called fake —**  
**Nazi camp had pool,**  
**ballroom...'**

ings against Zundel in 1983, appealed publicly to the attorney-general not to "allow this miscarriage of justice to continue." "You can't follow the letter of the law and ignore moral issues," she said.

And while the Canadian Jewish Congress (CJC), which represents Canada's 315,000 Jews, praised the appeals court's constitutional ruling, Alan Borovoy, head of the Canadian Civil Liberties Association, renewed his demand that section 177 be repealed, saying: "it is a bad law...which could threaten free speech of wide varieties of people who bear no resemblance to Ernst Zundel."

Section 177 of the criminal code, which has remained essentially the same since it was adopted from English Common Law in 1892, says that

everyone who wilfully publishes "a statement, tale or news that he knows to be false and that causes or is likely to cause injury or mischief to a public interest" can be jailed for up to two years.

The appeal decision has reopened an emotionally charged controversy among Jewish leaders, legal experts, and newspaper editorialists over whether Canadian law should be used to halt the spread of anti-Semitic ideas. Many observers, deeply disturbed by the extensive media coverage of the Zundel affair, assert that legal action merely granted legitimacy and a platform to views which would otherwise have gone unnoticed.

Headlines at the time read: "No gas chambers in Nazi Germany, expert witnesses testified..." "Auschwitz called fake — Nazi camp had pool, ballroom..." "Lawyer challenges crematoria theory..." "Women happy at Auschwitz, trial told..."

Whatever their positions, Canadian Jews have reacted with dread to the idea of enduring a repeat of the courtroom drama in which the genocide of six million Jews had to be proved from square one — survivors grilled as to whether they had actually witnessed mass executions with their own eyes.

In a bail hearing at the end of last month attended by about a dozen cheering supporters, Zundel was already promising "an even longer trial with even better experts."

## Eran comes to Carmiel

By JUDY SIEGEL

Post Science and Health Reporter

The sixth branch of Eran — Emotional First Aid — is to be inaugurated tomorrow in Carmiel, to serve Arab and Jewish residents and new immigrants in the region surrounding the northern development town.

The new branch joins others in Jerusalem, Tel Aviv, Haifa, Beer-sheva and Netanya. A team of 30 volunteers has been undergoing a six-month training course to provide emotional first aid. They include Arabic-speaking residents who can communicate with Arabs who feel the need to talk anonymously.

Eran was established in 1971 by Dr. Arye Zaslani, a psychologist and an expert in public health. After his death, the project was continued by his wife Bertha. The Zaslani's believed that many people with serious problems do not know where to turn for help. Officials of the organization claim that a number of suicides have been prevented by volunteers. Eran branches receive some 35,000 calls for help a year.

The phone number of the new Eran branch in Galilee is (04) 988-410. The service will operate initially from 8 a.m. until midnight, and will eventually be run around the clock, as are the five other branches.

According to former MK Shmuel Toledano, a long-time Eran volunteer administrator, seven out of 10 candidates for volunteer counselling are rejected. The ability to listen and advise strangers is a rare quality, and Eran selects carefully among the professionals and laymen who offer their services, he says.

A total of 500 volunteers man Eran lines around the country. The annual meeting of Eran will convene tomorrow in Carmiel to inaugurate the new branch.

## Undercover police 'sting' bus, taxi drivers

Plainclothes policemen took rides on buses and in taxis in Jerusalem last month — and handed unsuspecting drivers over 1,254 traffic tickets.

Police in the capital decided on the undercover operation following a rise in accidents involving buses and taxis. In the course of the month 300 policemen went for rides, posing as ordinary passengers.

Among the offences were overtaking in dangerous circumstances, failure to stop at stop signs and traffic lights, failing to give right of way, and failing to signal. (Him)

**TALENT.** — The Herta and Paul Amirson Foundation has announced a talent competition for local youths up to the age of 18 who play the piano, violin, cello or a wind instrument. The winners will receive cash prizes and appear with the orchestra at a gala concert on Independence Day.

## Ministry, Agency squabble over Soviet aliya

By ARYEH RUBINSTEIN

Jerusalem Post Reporter

With a large scale influx of Soviet immigrants in the near future being mooted, the Absorption Ministry and Jewish Agency have begun squabbling over how to receive them.

A master plan for the absorption of thousands of Soviet Jews was presented to the cabinet by Absorption Minister Ya'acov Tsur several months ago. The plan has now been dubbed "imperative" by Haim Aharon, head of the Jewish Agency's Aliya Department, in a 23-page booklet outlining his own proposals.

A major point of contention is whether Israel should attempt to oblige Jews leaving the Soviet Union to come to Israel by blocking other options.

Tsur has called for abolition of "the shameful Vienna arrangements" that enable Soviet immigrants to opt for the U.S. rather than for Israel. He said that Israel must persuade the U.S. government to abolish the status of refugee it has been granting to Jews who leave the Soviet Union

ostensibly for Israel.

Israel should not flinch from a confrontation with American-Jewish leaders on this point, said Tsur. He called for the government to seek a dialogue with the Soviet Union aimed at opening the nation's gates to Jews and inauguration of direct flights to Israel.

Aharon maintains that direct flights from the Soviet Union will only exacerbate the problem of absorption since it will force emigres to come here against their will.

Tsur says his plan is based on the lessons learned from the absorption of the waves of Soviet immigration in the 1970s and is tailored to the particular requirements of Soviet Jews. Aharon asserts that the ministry plan was prepared without coordination with his department and does not answer the specific needs of Soviet Jews.

Noting the 70 per cent drop-out rate of Soviet Jews arriving in Vienna and opting for countries other than Israel, Aharon said the absorption policy thus far has failed to reduce the extent of

this phenomenon.

Aharon maintains that Tsur's master plan would curtail the involvement of his department by restricting absorption centres (which are operated by the department) to development towns. In the cities, absorption centres would be replaced by a system of rental housing.

In a telegram to the prime minister last week, Aharon said that the scope and importance of Soviet aliya dictates that it be given the status of a special project with the highest priority.

The project, he says, should be developed and administered by an inter-institutional team (read: not the Absorption Ministry), which should be headed by a senior minister (which, disqualifies Tsur) or by a "personality of established public stature, both here and abroad."

Aharon further recommended that a public figure from among the Russian olim be invited to work with the team. His specific task would be to transmit a positive message to the Soviet Jews and thus reduce the number of the drop-outs.

## Cabinet set to end illegal construction

Jerusalem Post Reporter

Cabinet ministers, to a man, are earnest about the need to prevent illegal construction in the Arab sector in the future, even if they are ready to turn a blind eye to most illegal buildings that are already standing.

Their good intentions, however, are hampered by the fact that they cannot decide to allocate a budget for additional building-licence inspectors, and they do not know which unit should be charged with spotting illegal construction the moment it starts.

The cabinet on Sunday continued, but did not complete its discussion on the recommendations of the Markovitch Committee on unlicensed construction in the Arab and Druse sectors, whereby 6,000 homes would be licensed retroactively, despite their illegality, and some 300 would be demolished.

Ya'akov Markovitch, deputy director-general for special duties at the Interior Ministry, drew up the report last year at the behest of the then minister, Yitzhak Peretz.

The 300 houses due to go were built without licences on land earmarked for roads, public institutions, power lines and so forth.

Industry and Trade Minister Ariel Sharon again suggested that the task of nipping unlicensed construction in the bud be given to the Green Patrol, a unit of the Agriculture Ministry that combats encroachment upon state lands.

Minister-without-Portfolio Moshe Arens, who is responsible for minority affairs and is piloting the Markovitch report through the cabinet, said he would give Sharon's proposal due consideration.

Finance Minister Moshe Nissim said that from the budgetary point of view he would oppose all proposals to create a special unit to spot illegal buildings. Nissim suggested that an interministerial team of senior officials should be formed to pinpoint existing resource within the budgets of the ministries involved in building, planning, and land allocation.

Minister-without-Portfolio Ezer Weizman, Arens' predecessor in the minorities' sphere, said that regrets over existing illegal building were like crying over spilt milk. The government would be tested by the procedures it laid down to stop illegal building in the future, he said.

Police Minister Haim Bar-Lev said that the government could not close its eyes to the fact that many hundreds of court demolition orders were still hanging fire. It would have to find some legal way of withdrawing those orders which the government felt should not be carried out, and not just leave them in limbo, he said.

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# Determined Iran

## Ambitions Rise With Skill in Battle And in Arms Deals

By ROBERTO SURO

**A** COMMANDER of Iran's Revolutionary Guards climbed to the top of an earthen embankment and pointed toward the front lines where his troops were fighting just a few miles from Basra, Iraq's second largest city. "Our objective is not to take Basra or Baghdad," he told a group of foreign journalists. Speaking calmly and with absolute assurance, he insisted that his forces' goal was to "liberate" Karbala, a holy city in central Iraq, and Al-Quds, as Jerusalem is known to Moslems.

Such proclamations of holy war might be easier to dismiss if Iran were not scoring successes in the Gulf War and if its allies in Lebanon were not steadily gaining strength close to the border with Israel. Although there were reports last week that Iraq had recaptured ground lost in December, Iran's leaders seem convinced of eventual victory. They are showing equally remarkable self-confidence in their dealings with the United States, the Soviet Union and their Middle Eastern neighbors.

Deciphering Iran's intentions is complicated, however, by the clash of factions within its ruling elite. The detention and release last week of Gerald F. Seib, The Wall Street Journal reporter who had been invited to Tehran with other American journalists, seemed a case in point. Some analysts thought Mr. Seib was seized by Iranians seeking to embarrass the leaders who had invited him.

### Unclear Information

Similarly, in Lebanon, several Iranian factions conduct sometimes conflicting relations with Shiite groups, diplomats in Tehran and academic analysts said. Secretary of State George P. Shultz said last week that the group claiming responsibility for seizing American hostages recently in Beirut had "very close ties" with Iran. But in itself, that information did not make clear how the kidnappers could be persuaded to release their captives.

The Harvard historian, Roy Mottahedeh, sees evidence of two and perhaps four separate channels between Tehran and Beirut. "There is no single, clear set of policy strategies in Lebanon," he said. "Iran's interests in Lebanon vary, depending on who is on the other end." Iran has used Lebanon to strike at Israel, promote its alliance with Syria, influence the Palestinians, and perhaps to try to engender a new Islamic republic.

Iran has succeeded in marshaling power in a country that has been a bloody quagmire for others, and this has colored its foreign policy dealings. Iran's apparent influence over hostage-takers helped draw the Reagan Administration into secret arms dealings with Tehran. The Iranians took on Washington confidently, feeling they had thwarted the United States in Lebanon. "All it took was two martyrs to push the Americans out of Beirut; one to blow up the embassy, another for the Marines," said a smiling official of

Iran's Islamic Guidance Ministry, referring to the 1983 bombings directed at American peacekeeping forces Lebanon after the 1982 Israeli invasion.

Although the arms dealings were eventually halted, Western diplomats in Tehran believe the experience may encourage even greater boldness. They think the Speaker of Parliament, Hojatoleslam Ali Akbar Hashemi Rafsanjani, managed the contacts with Washington but that, beforehand or afterward, he lined up support from colleagues and Ayatollah Ruhollah Khomeini. "Rafsanjani took risks in dealing with the U.S., but unlike Reagan he has handled it masterfully and has emerged as a stronger figure in the end," said a Western envoy in Tehran.

Iranians who favor rapprochement with America thought the contacts had advanced that goal. Hard-liners, meanwhile, were happy to portray the episode as a crafty trick that won sophisticated weapons at little cost. Kasim Noghondarian, an American-trained professor at Teheran University, expressed a popular Iranian view: "The U.S. realized that it could not live without Iran because Iran will be very powerful in the future, and so people felt very confident and very assured about the strength of the revolution."

### An 'Open Door' Policy

Analysts such as R. K. Ramazani at the University of Virginia believe an increasingly confident Iran will pursue wider contacts. Mr. Ramazani has traced a gradual movement since 1982 from isolation to what he calls an "open door policy." A milestone, he maintains, was the protocol signed with the Soviet Union in December that established a framework for normalized relations and envisaged resumption of Soviet imports of Iranian natural gas. He added that Iran has also tried to conduct regular and, where possible, friendly contacts with neighbors across the Persian Gulf. This apparently helped Iran to lobby successfully for a rise in oil prices late last year.

Whether Iran has indeed opened its doors or not, it holds angry grudges against most of the world for failing to condemn Iraq's attacks in 1980 that launched the Gulf War. Recently, Iran's envoys have knocked on doors from Havana to the Vatican, asking for protests against Iraqi bombing of civilian areas, even as Iran's own missiles regularly pound Baghdad. Iranian resentment is most clearly directed against such Arab nations as Egypt, Jordan, Saudi Arabia and Kuwait, which have supported Iraq with varying openness. Also some of Washington's best friends in the region, they are often denounced in Tehran as "American agents."

"The Iranians feel that the generation of the future in the Arab world is sympathetic to Islamic revolution, and they are determined to keep in contact with that audience through radical groups," said Mr. Mottahedeh of Harvard. As Iran attempts to obliterate Western influence in the Middle East, a collision with the United States may become increasingly difficult to avert.



## Hostages Ensnared in a Web Of Old Beliefs and Modern Hatreds

By JOHN KIFNER

**O**N what began as a quiet December morning three years ago, a truck turned into the seafaring American Embassy compound here, veered into an administration building and exploded. Another suicide truck-bomber hit the French Embassy, and there were explosions at five other sites in this comfortably wealthy little Gulf emirate, including buildings used by the Raytheon Corporation, which was installing American-made Hawk antiaircraft missiles.

Behind the attacks lay a complex network stretching from the Shiite Moslem holy city of Qum in Iran to poor isolated villages on the stony hills of southern Lebanon and squalid shantytowns crowded with refugees on the edge of Beirut. Linked by ancient beliefs and modern resentments, they have all become

part of the battle between ideologies and interests of East and West. With an estimated population of only 1.7 million and squeezed between Saudi Arabia and Iraq, almost in sight of the Iran-Iraq war front, Kuwait has been drawn into the maelstrom of Middle Eastern religious, ethnic and clan violence that reaches to Western Europe and Washington. Recent kidnappings and threats have threads that go back to the explosions that rocked Kuwait. After Kuwaiti courts found 17 Shiites guilty in the 1983 bombings and put them in prison, their supporters in Beirut seized Americans as hostages, including Terry Anderson, the Associated Press bureau chief, and Thomas Sutherland, dean of agriculture at the American University.

In Beirut last week, it appeared that Terry Waite, the Anglican Church envoy who had been trying to obtain the release of the Americans, had become a hostage himself. Local militia leaders said that Mr. Waite, who dis-

appeared nearly three weeks ago, was "under arrest."

The Kuwaiti bombers had won praise for performing their "Islamic duty" from Ayatollah Hussein Ali Montazeri, the designated successor of Iran's leader, Ayatollah Ruhollah Khomeini. Ayatollah Montazeri heads a committee dedicated to spreading the Islamic revolution and driving out Western influence. Among its components is Iran's underground Al Daawa, or The Call, and fundamentalists in Lebanon, principally the rapidly growing Hezbollah, or Party of God. Most of the 17 prisoners in Kuwait were Iraqis, but three were Lebanese, including the bomb maker. Western intelligence officials said he is a Lebanese Shiite who figured in the initial round of hostage-taking. They believe he is a relative of the Musawi clan, whose members run several fundamentalist organizations. Some say he is Mustafa Youssef, a member of the Mugniyah family.

Some reports from Beirut last week indicated that Mr. Waite had been seized by kidnappers angry at what they saw as unfilled assurances of amnesty for the Kuwaiti 17. Arab diplomats said he was seized to bring pressure on the Reagan Administration to resume deliveries of arms to Iran, and it was speculated that he could have been taken by Hezbollah. Sheikh Mohammed Hussein Fadlallah, spiritual mentor of Hezbollah, accused the envoy of being "on a propaganda mission for the interests of the international situation in the United States." The group's officers are believed to include relatives of Mohammed Ali Hamadei, arrested last month at Frankfurt airport with bottles filled with explosives. His brother, Abbas Ali Hamadei, was arrested later.

The United States sought to extradite Mohammed Hamadei, who, it said, was one of the hijackers who took a Trans World Airlines plane to Beirut in 1985 and killed an American passenger. When the Hamadei brothers were arrested, two West Germans were kidnapped in Beirut, and Bonn postponed a decision on extraditing Mohammed Hamadei. Also in Beirut, men in police uniforms appeared at University College Jan. 24 and took three more Americans hostage. Yesterday, an American was abducted in the same area. There have been difficult-to-evaluate threats to kill the hostages if the United States launched a military action or if Israel did not release some 400 prisoners. Israel refused. The United States has moved Navy ships into the Eastern Mediterranean. But when Washington sought a coordinating meeting of European allies, several countries preferred to pursue separate efforts.

Kuwait has stubbornly resisted all pressure to free the 17 prisoners, even, according to some reports, appeals from White House officials trying to gain the release of hostages in Beirut. Braving opposition from Iran, threats from fundamentalists and bombings at its oil installations last month, Kuwait proceeded to hold a summit meeting of leaders of Islamic countries. Afterward, it was announced that 11 more Shiites had been arrested and accused them of participating in the oil bombings. Kuwaiti citizens were involved, for the first time, in an act of violence against their country.

## In Summary

### Plan to Speed 'Star Wars' Tests Starts a Fight

President Reagan and his advisers last week were discussing whether to accelerate testing and deploying parts of the missile defense system known as "Star Wars." To prepare the legal ground, they were considering issuing a broad interpretation of the 1972 Anti-Ballistic Missile Treaty, which was negotiated with the Soviet Union during the Nixon Administration.

Reports of these White House plans set off criticism by Democrats in Congress, arms control advocates and some allied countries. Senator Sam Nunn of Georgia, the chairman of the Armed Services Committee, warned that re-interpreting the treaty would provoke "a constitutional crisis of profound dimensions." The Senate had approved the treaty with the understanding that it set limits on testing and deployment of defensive systems. Senator Nunn and House Democrats, led by the Speaker, Jim Wright of Texas, cautioned Mr. Reagan that changing the interpretation of the ABM treaty would erode support for his missile defense system.

In Moscow, meanwhile, Mikhail S. Gorbachev, the Soviet leader, met with Henry A. Kissinger and other former American officials and said he was uncertain whether Mr. Reagan still had sufficient political strength to negotiate arms control agreements. Hoping to impede the Star Wars program, the Russians have urged a restrictive interpretation of the ABM treaty, as part of an arms reduction agreement. Soviet officials also repeated warnings that they would soon end



Senator Sam Nunn

their 18-month-old suspension of nuclear weapons testing, following the American test announced last week in Nevada.

### Naming Names In the Bronx

In many political domains, nomination is tantamount to election; in the Bronx, it is beginning to seem that election is tantamount to investigation.

Dropping names like bombshells, four plea-bargaining former executives of the

Wedtech Corporation said they had made payoffs to 20 Government officials, including two Bronx Congressmen and Borough President Stanley Simon, Federal prosecutors disclosed last week. With that, and the continuing municipal corruption scandal, almost every major public and Democratic party official in the borough was under investigation, on trial or convicted.

The four Wedtech executives, whose company grew from a small South Bronx machine shop to a \$100-million-a-year military supplier with the help of no-bid Federal contracts, said they had paid bribes to Representatives Mario Biaggi and Robert Garcia among other Government officials. The Congressmen denied any wrongdoing. Mr. Simon said simply, "The truth will not hurt me."

In a related development, the former commander of the state militia, Vito J. Castellano, admitted in court that he had accepted a \$58,000 bribe from Wedtech. Bernard Ehrlich, a partner in a law firm associated with Mr. Biaggi, was indicted on charges of bribing Mr. Castellano on Wedtech's behalf. He pleaded not guilty. The Wedtech executives, who were charged with forging millions of dollars in invoices submitted to the Government, are to be sentenced this week.

"As the case unfolds, you will definitely need a scorecard to tell the good guys from the bad," said Kalman V. Gallup, a lawyer representing Fred Neuberger, Wedtech's former board chairman.

### New Mandates for Smoke-Free Air

Nonsmokers breathed more freely in 6,800 Federal buildings around the nation last week, and the New York Public Health Coun-

cil promised them the same relief in workplaces and public areas around the state.

New Federal rules, reversing the previous priority, forbid smoking everywhere it is not expressly permitted. Each agency made its own decisions on designated smoking spaces, with one of the least generous being the Centers for Disease Control in Atlanta. The rules took effect Friday.

The New York action, the same day, is to take effect in 90 days. Among the most restrictive in the nation, it prohibits smoking in taxicabs, limousines and nearly all indoor areas except private homes, bars, hotel rooms and small restaurants. Eating places with more than 50 seats must set aside non-smoking space "sufficient to meet demand." At work, smokers may light up only in enclosed areas away from nonsmokers.

Opponents of the new measures had argued that the state agency had no right to impose them after the State Legislature failed to do so several times. But leading opponents of antismoking rules said the legislature was unlikely to try to overturn them.

The new rules reflected the growing belief, that, as a 1985 New Jersey law put it, "The right of the nonsmoker to breathe clean air supersedes the right of the smoker to smoke." Dr. C. Everett Koop, the Surgeon General of the United States, gave the movement additional support last December when he cited a study estimating that 2,400 nonsmokers a year die of lung cancer caused by "environmental tobacco smoke."

Smoking restrictions have already been imposed by a score of states, many municipalities and such large employers as the General Motors Corporation, I.B.M. and Procter & Gamble. In the metropolitan area, restrictions of varying severity had been enacted. In New York, the new state rules would supersede any less stringent local measures.



# The World



Filipinos reading about results of plebiscite in Manila last week.

## Aquino Wins Big On Constitution As Truce Ends

Putting aside the guns and knives that played a sinister role in previous elections, Philippine voters gave President Corason C. Aquino and her Government a ringing endorsement and new legitimacy last week.

In a heavy turnout, they approved by nearly 80 percent a proposed constitution that would keep her in office until 1992, according to unofficial returns. The election commission chairman, Ramon Felipe, reported "the cleanest and fairest" vote since Ferdinand E. Marcos came to power in the 1960's.

Juan Ponce Enrile, the former Defense Minister who opposed the constitution, which at the least put on hold his own reported presidential ambitions, said: "We have to accept the mandate of the people." Preliminary returns, however, indicated considerable opposition at several military bases.

The peaceful plebiscite seemed to have a calming effect after a tumultuous period in which soldiers killed a dozen leftist demonstrators near the presidential palace; right-wing troops staged a mutiny and seized a television station amid efforts by Mr. Marcos to return from exile in Hawaii, and peace talks with Communist rebels were suspended.

A 60-day cease-fire in the 18-year-old Communist insurgency expires today. Yesterday, the rebels issued a statement announcing that they would not agree to extend the cease-fire, accusing the military of violating it.

Among the 24,000-word constitution's many provisions are a ban on political activities by the military, the creation of a two-house parliament and a requirement that two-thirds of the new Senate must approve any extension of the leases on the two big American bases.

The leases expire in 1992. The bases may also be jeopardized as a result of a provision declaring the Philippines "a nuclear-free zone."

## Son-in-Law of Brezhnev Held

History, as written by the current leadership of the Soviet Union, is not being kind to Leonid I. Brezhnev, who led the country for 18 years.

The period before his death in 1982 was marked by "serious breaches of party ethics" when some officials "became accomplices in, if not organizers of, criminal activities," Mikhail S. Gorbachev, the current General Secretary, said two weeks ago.

One of those officials, it was reported last week, may have been Yuri M. Churbanov, Mr. Brezhnev's son-in-law.

The Foreign Ministry confirmed widespread rumors that Mr. Churbanov, a former police official in charge of fighting fraud, has been arrested and is under investigation for corruption and taking bribes.

Mr. Churbanov's descent started soon after Mr. Brezhnev's death. He was dismissed from his job as First Deputy Minister of the Interior and reportedly assigned to a minor post in Siberia.

In 1982, there were rumors that Mr. Churbanov's wife, Galina Brezhnev, was a friend of a circus director who was arrested in a case involving diamond and currency smuggling. Mr. Brezhnev's son, Yuri, was dismissed last year from his job as a high-ranking trade official, presumably for health reasons.

The Foreign Ministry's disclosure of Mr. Churbanov's arrest was intended for foreign correspondents, and it was not clear whether the Soviet press would carry the news. The ministry did not give any details of the charges.

## Chilean Admits Role in '76 Murder

United States courts long ago established an official Chilean role in the 1976 murder in Washington of Orlando Letelier, an exiled opponent of President Augusto Pinochet. But the case has never been resolved because Chile has refused to extradite the suspects.

Last week the trial resumed in Washington and a remorseful former agent of the Chilean secret police took the stand.

Armando Fernández Larios confessed that he had played a role in the plot, traveling to Washington on a false passport in 1976 with orders to find Mr. Letelier, who was a former Ambassador to the United States, and report on where he lived and worked.

Mr. Fernández, who said he was consumed by guilt, pleaded guilty to acting as an accessory to the death of Mr. Letelier, who was killed with a research associate in a car bombing on Washington's Embassy Row. Michael V. Townley, an American who was a Chilean agent, confessed that he planted the bomb and served 62 months in prison.

In exchange for his confession, longstanding murder charges against Mr. Fernández were dropped. Reagan Administration officials said that the 37-year-old Chilean had long wanted to come forward but that Chilean authorities told him to cover up his role and that



Juan Manuel Contreras Sepúlveda

General Pinochet forbade him to return to the United States.

Mr. Fernández's appearance follows months of arrangements with American officials. He still faces a prison term of up to 10 years on the charge of acting as an accessory after the fact.

Chile has repeatedly refused to extradite Gen. Juan Manuel Contreras Sepúlveda, the former secret police head.

## India-Pakistan Crisis Eases

The absence of war between India and Pakistan does not mean that they are ever at peace.

So while the two countries last week managed to defuse the latest crisis — a sudden buildup of heavily armed opposing troops on the border that both sides agreed never should have occurred — there is always the threat that it could happen again.

"It's all very scary, and it's a measure of how far Indian and Pakistan have to go to learn to live with each other," a Western diplomat said.

Both countries were relieved when they reached agreement on a 15-day timetable for a partial withdrawal of the army troops along a 250-mile stretch of the north-central border.

But the accord still leaves large numbers of troops facing each other in the area of Punjab state, where New Delhi has long maintained that Pakistan has aided Sikh extremists on the Indian side. And further withdrawals probably could not be completed until the end of March.

Meanwhile, the countries agreed "to exercise maximum restraint" and pledged not to attack each other.

The crisis began in November when India started an unusually large and long-running series of troop maneuvers, known as Operation Brass Tacks, in the Rajasthan desert in the southern border region.

The Pakistanis, saying that they feared an invasion, began moving their troops to the border in January. Beginning Jan. 23, India moved in reinforcements and put its forces on alert.

"The whole thing has obviously gone out of control," a retired Indian diplomat said last week. "Which side started it is a game of the chicken and the egg. One thing is certain. This should never have happened."

Milt Freudenheim and Katherine Roberts

## Sharansky Warns the West

# Gorbachev Plays a 'Liberator' Game

**D**OZENS of dissidents in Soviet prisons, labor camps, psychiatric hospitals or internal exile have either been released or offered their freedom in the last two weeks. Some Western human rights groups speculate — and hope — that it is the first stage of a widespread release of prisoners.

But Natan Sharansky, who was freed from a labor camp and sent to the West a year ago, argues that life for imprisoned dissidents has in some ways become more difficult under Mikhail S. Gorbachev.

In Jerusalem, Mr. Sharansky, who changed his name from Anatoly B. Shcharansky when he settled in Israel, discussed the human rights developments last week with Francis X. Clines, a correspondent of The New York Times. Excerpts follow.

**Question.** What is the latest information you have on the life of the imprisoned dissidents?

**Answer.** The isolation is as strong and even stronger than it was. . . . Not only has the system not improved, it has, in fact, become more tough. . . . We've had two deaths in Chistopol prison, the central prison for political prisoners. . . .

Those who know, like me, the raw conditions of the prison and how it is so under control of the K.G.B. know that such things cannot happen simply by chance. . . . For people inside the Soviet Union it's a much more strong message than all those words of Gorbachev. . . . In Chistopol prison there was not one case of a political prisoner dying during my years there under "non-liberal" leaders.

**Q.** Describe the routine of hardship.

**A.** They have a very big freedom of choice in prison for destroying people — not destroy physically but to make them confess, sign some papers, to refute their ideas. . . .

They have, for example, up to 18 norms of feeding the people. The worst are 9A and 9B in the punishment cells: 9B is when you get three pieces of bread and a cup of hot water; the other is hot water with sour sausages, the minimal 900 calories. The highest one is 2,800 calories. . . .

Your conditions can become worse and worse. The same for meeting relatives. You can have three meetings in a year, two meetings, one or none. Letters, the same — two letters a month, one every two months, no letters and so on. In a punishment cell you simply are not given any warm clothing: no blankets, no pillow. You suffer



Natan Sharansky in Jerusalem.

from cold all the time and don't eat. . . . During the last year, conditions became worse. There were new instructions against hunger strikes. If you start one you are immediately put into a punishment cell. . . . It was widely used in the first days of Gorbachev's regime.

**Q.** How many prisoners are there?

**A.** I shared my cell by chance with a man who in his previous life was a top Soviet official who had access to this information. And I was surprised how much it accorded with our unofficial estimates.

In the camps there are approximately five million people in general, "slaves," not political prisoners, plus six million half-slaves, the so-called chemists, [detainees kept in isolated communities out by chemical plants and other factories, with better access to amenities] in half freedom. . . . The vast majority of them are nonpolitical, mainly accused of hooliganism and

economic crimes. We know by name 800 to 900 purely political prisoners, but there are many, many more. . . . My estimation is from 5,000 to 10,000 people jailed under purely political charges.

**Q.** Is Gorbachev better or worse than his predecessors?

**A.** In some ways we can say the situation became more dangerous because he is much more sophisticated in using the mass media of the West . . . for deception.

Nobody before him dared to pass such an anti-emigration law and call it an "emigration" law. . . . Under this law they have excluded more than 90 percent of the people who already asked for invitations to Israel, because now only immediate relatives are permitted, not uncles or aunts. It means, from the 382,000 Jews who already asked for invitations from Israel to help them leave the Soviet Union, at best 30,000 can reapply. The rest cannot.

The next step for Gorbachev in his diplomacy of gestures will be to use these 30,000 as investment capital. He has decreased the number of people permitted to leave from 50,000, before him, in 1979, to 800 or 900 last year. These 30,000 he will permit to leave over five and six years and it will look like a big improvement. But it's much worse than the past. . . .

I fear the West is swallowing what he says as though it's not obvious, this game in which he is trying to demonstrate himself as a big liberator.

**Q.** Is there anything that makes you optimistic?

**A.** Just the fact that Gorbachev understands things better than his predecessors gives some reason for optimism. . . . The West must not be deceived by his campaign of gestures and must be firm. . . .

If the West will be firm, Gorbachev sooner than any of his predecessors can go far in meeting demands from the West on the question of human rights because he understands how urgently he needs agreements with the West to get technology and so forth. . . .

The West must start speaking with him in such language as, "O.K., when you reach 20,000 [freed prisoners] a year, we'll cancel the Stevenson amendment; when you reach 50,000 a year we will use the waiver authority of the Jackson amendment." [The amendments link American-Soviet trade to free Soviet emigration.] Now the situation is 800 or 900 a year, and if next year they free 3,000 everyone will be writing, "Look what a big reformer he is."

## Egypt Rejects Radioactive German Milk

# Keeping Tainted Foods Off Third World Shelves

By JOHN TAGLIABUE

**B**AVARIA'S Minister of Agriculture tasted the milk last week and proclaimed it safe. The West German Environment Minister was less confident, saying that it would cause no harm "unless it entered the food chain." Whatever the exact nature of the danger, 3,000 tons of radioactive powdered milk, a legacy of the Chernobyl nuclear disaster 10 months ago, has led to bitter feelings between West Germany and some third world nations.

Bavaria had taken the milk, which was from cows that apparently grazed on contaminated grass, out of circulation six months ago and paid the dairy that produced it \$2 million in compensation. But two trainloads of the milk showed up late last month in Bremen and Cologne, apparently on its way to a buyer in Egypt. It was impounded when German inspectors found that radioactivity was about 16 times higher than the maximum level permitted for humans and more than 4 times that allowed for animals.

The incident has raised questions here about acceptable trade practices with the third world and led to contentions that Europeans have tried to dump products that were banned at home. Bavarian officials said they had "numerous offers" for the milk from private middlemen at home and abroad, and no one seemed to doubt it. But West Germany's Health Minister, Rita Süsmuth, warned that it was "unconscionable on

ethical grounds to make distinctions between health precautions for Europeans and for the peoples of the developing world." Whoever did so, she said, acted "irresponsibly and morally reprehensibly." Walter Wallmann, the West German Environment Minister, agreed. "We must not allow even the impression that we would offer something to third world countries that is not permitted for consumption here."

After last April's accident at the Chernobyl reactor in the Soviet Union produced fallout across Europe, many countries imposed controls on food imported from the continent or refused to accept food that was found to be contaminated. Argentina rejected Polish potatoes, Singapore refused milk products from the Netherlands and Denmark and wheat from Italy, and Malaysia refused to accept Dutch butter.

## A Ban in Brazil

In most cases, European governments had approved the shipments, or at least raised no objection to their delivery. By last November, diplomats said, the concerns had largely subsided, although there was some conflict over shipments of suspect milk from several countries, including West Germany, the Netherlands and Denmark. In Brazil, the courts banned its consumption.

Some third world officials appeared to apologize for the restrictions. "We're just a tiny island with no agriculture," a Singapore trade official said. "We have no intention of discriminating. It's purely a health measure."

In Western Europe, environmental and some

church groups criticized their governments for not scrutinizing food deliveries. The Amsterdam-based World Information Service on Energy and Searchlight published lists of contaminated products. Chernobyl and the chemical spill into the Rhine last November have brought a surge of support for the environmentalist cause. In Austria, elections brought the Green Party, which made a big issue of the disasters, into Parliament for the first time. In West Germany's election last month, the Greens increased their share of the vote to 8.3 percent from 5.6 percent in 1983.

For European leaders, the political problem of reassuring the environmentalists and third world conflicts with economic pressures. European farmers are pushing to broaden their markets and have complained that the controversy over contaminated food has hurt them. Mr. Wallmann, the Environment Minister, acknowledged that rules against the sale or import of radioactive foodstuffs in Western Europe did not apply to food that was delivered elsewhere. Ludger Volmer, a Green party member of Parliament, has demanded that Europe ship nothing abroad that could not be consumed at home, a notion that many export-oriented industries, usually with their government's backing, firmly reject.

Egypt last week demanded an explanation from West Germany and investigated cargoes of powdered milk from Hamburg. An Egyptian businessman was reportedly detained, presumably for trying to import radioactive milk.

Meanwhile, many Europeans are still worried about contamination in their own food. After Chernobyl, the Western Europeans were quick to throw up barriers to food imports from the Eastern bloc. Nestlé, the food giant with headquarters in Switzerland, said last week that sales of its milk-based products had suffered. On the German island of Norderney, a distraught woman brought to a prosecutor's office jars of jam that had German labels pasted over Russian ones. Tests proved that the jam was harmless, but the incident illustrated the prevailing mood.



Health officials testing radiation levels of powdered milk aboard railroad cars in Cologne, West Germany.



## Zaire: Dealing With Pretoria and Its Foes

## Mobutu Tries to Maintain A Delicate Balancing Act

By JAMES BROOKE

**R**EPORTS that the United States shipped arms through Zaire to the rebels in Angola have complicated Mobutu Sese Seko's delicate balancing act in southern Africa. With nine countries as neighbors and with an economic dependency on South Africa, Zaire's President tries to give the appearance of being everyone's friend.

But even as Mr. Mobutu was meeting with President José Eduardo dos Santos of Angola in October, diplomatic sources say, Zairian air strips were being used to trans-ship weapons to guerrillas trying to overthrow Mr. dos Santos. And while Mr. Mobutu seeks friendly relations with the leaders of the front-line states, who are engaged in varying degrees of hostilities with South Africa, he continues a quietly thriving commerce with Pretoria.

In Shaba, Zaire's mineral-rich southern region, long trains of freight cars marked "South African Railways" could be seen last month rolling south toward the ports of Durban and Port Elizabeth. Zairian stores are stocked with South African products, from toilet bowl cleaners to cocktail snacks. Three airlines — the Portuguese TAP, the Belgian Sabena and the French UTA — fly regularly between Kinshasa and Johannesburg. "Zaire is not very hot for sanctions," said a diplomat in Lubumbashi, Shaba's main city.

Looking toward the West, Mr. Mobutu, the head of black Africa's second largest nation, would like to appear as an indispensable ally. In the last decade, he has contributed troops to pro-Western operations in Chad, Togo and Central African Republic. In 1982, Zaire became the first major black African country to renew ties with Israel. Last year, its mines accounted for 60 percent of world production of cobalt, a strategic mineral necessary for airplane manufacture.

But some Zairians complain that there is a case of unrequited love. When Mr. Mobutu visited Washington in December, President Reagan hailed him as "a voice of good sense and good will," but the Zaire leader returned with little of the debt relief he had sought. In 1986, about one-quarter of Zaire's \$1 billion export earnings went for interest and partial repayment of its \$4.5 billion foreign debts.

But despite the many conflicting pressures, Mr. Mobutu seems securely in control. He has been in charge for 21 of the 26 years since the colony known as the Belgian Congo became independent. "He took over a nation 80 times the size of Belgium, with 60 individual tribes and 9 neighbors — and he has handled it wonderfully," said a European diplomat as he watched the Zaire river flowing past one of Mr. Mobutu's presidential mansions.

Mr. Mobutu showed his aplomb by spending more than three months abroad last year in traveling designed to build his stature as an African leader. But reports that light blue cargo jets marked "Santa Lucia Airways" had used Zaire's Kamina air base to supply the Angolan rebels are unlikely to help him. Many black Africans regard the anti-Marxist rebels of the Union for the Total Independence of Angola, led by Jonas Savimbi, as irrevocably linked with their principal supplier, South Africa.

Another neighbor of Zaire, President Kenneth Kaunda of Zambia, who was also chairman of the front-line states, assailed Mr. Mobutu last spring for allowing the shipments. In July, Mr. Mobutu made a six-hour visit to Angola and vowed to crack down on Mr. Savimbi's operations in Zaire. Indeed, the Savimbi representatives in Zaire's capital have dropped out of sight. In Lubumbashi, civilian pilots say they no longer fly to Jamba, Mr. Savimbi's Angolan bush headquarters. But United States experts have estimated that one million men would be needed to adequately patrol the extensive Zairian borders.



President Mobutu Sese Seko

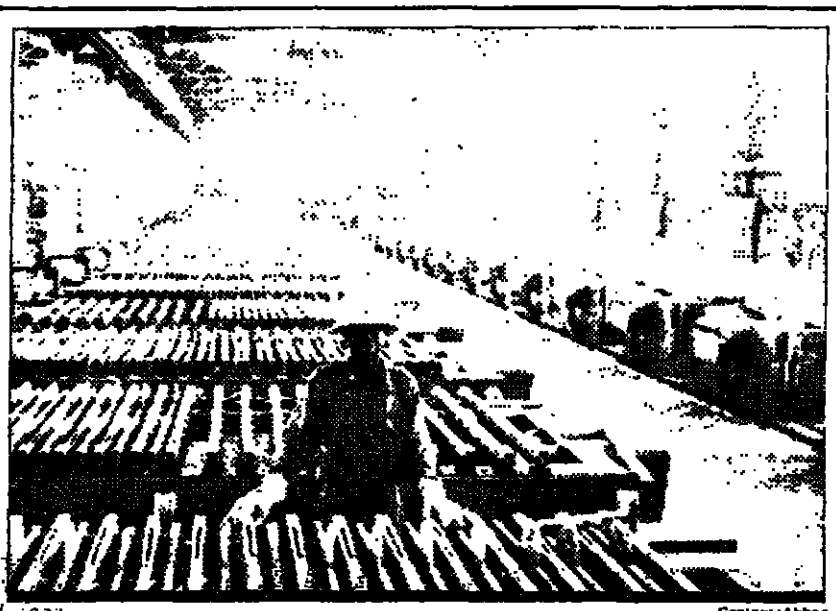
To keep on top of his enemies, external as well as internal, Mr. Mobutu maintains several competing intelligence agencies, frequently shuffles his cabinet, and entrusts the training of his armed forces to foreign powers. The Belgians man an officers' school, the French command a parachute brigade, the Chinese train an infantry brigade, the Israelis train the presidential guard and a brigade in Shaba, the West Germans train an antiterrorist border unit, and Americans provide spare parts for trucks and technical assistance for Zaire's C-130 military transport planes.

Mr. Mobutu's greatest external threat has come from Angola. In 1977 and 1978, secessionist guerrillas who have never accepted his rule invaded Shaba from Angolan sanctuaries. Government resistance fell apart and foreign troops — largely Moroccan and French — had to be flown in to repel the rebels. Angola's Marxist Government is believed to keep about 10,000 of these Zairians in reserve to dissuade Mr. Mobutu from helping the Savimbi forces.

Incidents between Zaire and Angola are frequent. In December 1985, a Soviet-made Antonov transport made an emergency landing in western Zaire with 40 Cubans aboard. Before surrendering to Zairian authorities, the Cubans burned the plane. Last year, an Angolan MIG fighter jet crashed in eastern Zaire, and the Angolan pilot parachuted to safety. In September, two Fululas, or passenger trucks, hit mines on Zairian roads leading to Angola's Cabinda province.

The two countries have sought to reduce tensions by instituting regular, highly publicized meetings of medium-rank officials. The Angolan Ambassador to Zaire, Miguel Gaspar Neto, dismissed the reports of American weapons shipments.

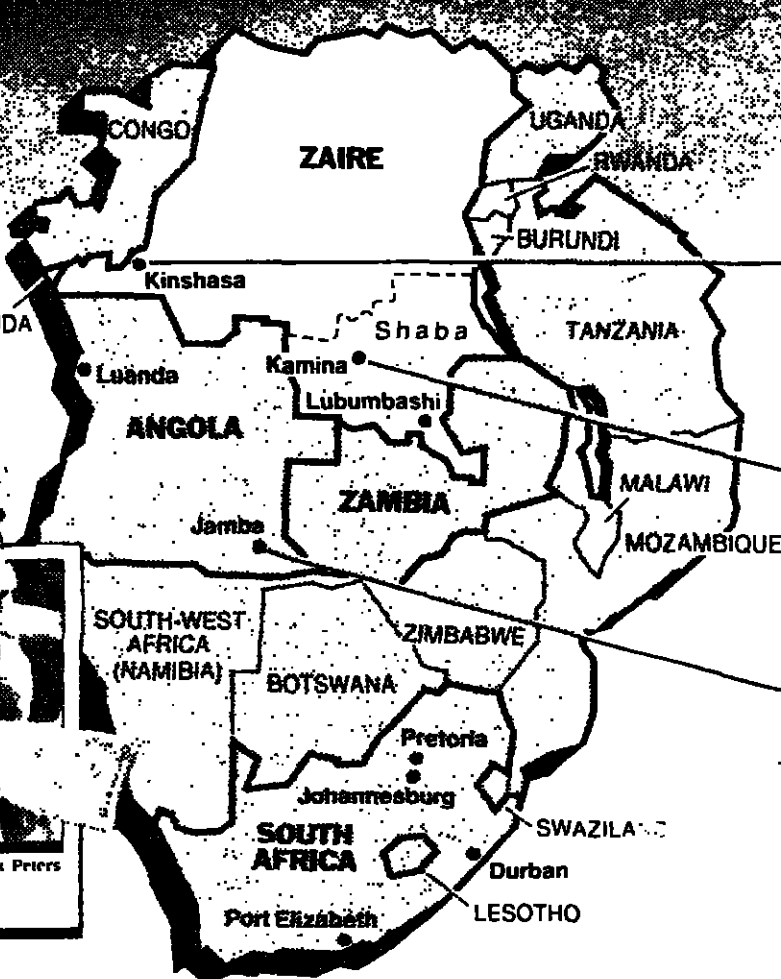
"These rumors have been invented in the United States to sow confusion between Zaire and Angola," he said.



Worker at copper refinery in Kolwezi, Zaire.



Angolan rebel at base in Jamba.



Portuguese, Belgian and French commercial airlines fly regularly between Kinshasa and Johannesburg.

U.S. reportedly has used airstrips near Kamina to supply Angolan rebels.

Headquarters of Jonas Savimbi's Angolan guerrillas, who are seeking to overthrow the Marxist Government in Luanda.

## Japan Is Now Top Supplier

## Weak Dollar Frays Saudi Ties to U.S.

By PETER T. KILBORN

**T**HE hints of the worsening relations between Saudi Arabia and the United States were apparent the moment James A. Baker, the Treasury Secretary, stepped off his plane into the marble-covered royal entrance of the world's biggest airport. Although the airport was designed by Americans, nearly all its equipment came from other countries. Then, on the 20-minute caravan through the capital of Riyadh, Mr. Baker saw only one Cadillac, once a staple of rich Saudis, and that was the American Embassy car he was riding in. His hosts met him in Mercedeses and Jaguars. Saudis of humbler means buy their cars from Japan.

Mr. Baker came to Saudi Arabia last week to repair the fraying edges of America's most enduring alliance in the fractious Middle East. He had some success with the first item on his agenda: to calm Saudi Arabia's concerns over the secret Iran arms deal and reassure Washington's promises of neutrality in the war between Iran and Iraq. The Saudis apparently came away persuaded that he meant it.

But Mr. Baker had a harder time allaying anxieties here over other strains.

The decline of the dollar on the world market has hit Saudi Arabia harder than many other countries. The cheaper dollar has reduced the value of the Saudi's American investments, worth tens of billions of dollars. It also means that the Saudis have to pay more for imports from countries other than the United States, because their oil, the source of most of the country's revenue, is priced and traded in dollars. Mr. Baker sought to assure the Saudis of the stability of the dollar, but he could not promise that it had stopped falling. Saudi leaders are also worried that Congress will approve tariffs on imported oil and on petrochemicals, which are made in new industrial cities on the Red Sea and the Persian Gulf. Mr. Baker reiterated President Reagan's opposition to such legislation, but the Treasury Secretary did not speak for the new Democratic majority in Congress.

The problems in the economic ties between the United States and Saudi Arabia have come after four years of falling oil revenues. The Saudis drive harder bargains these days. American industry, even with the advantage of the lower dollar, sometimes loses out to other foreign manufacturers, especially the Japanese.

"Your Excellency," the Saudi Finance Minister, Mohammed Abalkheil, addressed Mr. Baker, "the Kingdom's import data for 1986, shows that the United States has fallen to second among nations as a primary source of the Kingdom's imports." Japan is now the No. 1 source of imports, which range from automobiles to the airport's elevators and escalators, made by Mitsubishi. United States investment in Saudi Arabia has also declined, Mr. Abalkheil said, with the number of joint ventures falling from 271 two years ago to 233 today.

What the Government's figures show is that the Saudis are less dependent on American goods and services, and that American businesses are more wary of contracts with the cost-conscious Saudis.

For once the issue is not oil prices. King Fahd is satisfied with the \$18-a-barrel limit, which was set by the Organization of Petroleum Exporting Countries late last year. Mr. Baker finds that the price, about twice what it was a year ago, suits some American aims, too. The higher price may mean a little more inflation in the United States, but it gives domestic energy producers some room for recovery.

Whatever their differences, the ties between the two countries are strong, dating from the 1930's when Americans first discovered oil here. Many aspects of Saudi Arabia's economy are well-suited to the Reagan Administration's free-market philosophy. Saudi businessmen take pride in their freedom to fail. Some wear class rings from American universities and speak Harvard Business School English.

At the same time, American agencies and businesses seem to be involved in every pocket of the Saudi economy. The Treasury Department has 67 employees working here full time. The Internal Revenue Service helps run computers for tax collection. Americans help Saudis on everything from investing their oil revenues to training the national guard.

The rub in the relationship has come largely with the Saudis' new frugality. "Once, anyone could get a Government contract who could crawl to the table and then get paid no matter how he performed," a Western diplomat said. Today, Americans tell of disputes over payments for work on projects and of arduous negotiations if disputes arise over a contractor's performance. Sometimes, Americans say, the Saudis withhold sums far in excess of the disputed money. Said a Saudi businessman: "This is the sorest point in our relations."



James A. Baker 3d in Saudi Arabia last week.

## For Nations Without Formal Ties, Communications Can Follow Tortuous Routes

## When a Nod Becomes a Diplomatic Act

By ELAINE SCIOLINO

**W**HEN Bashkim Pitarka, Albania's new chief delegate to the United Nations, arrived for lunch recently at the French chief delegate's apartment, he seemed upset to see three United States diplomats.

"I do not shake hands with Americans or Russians," the Albanian announced in a loud voice. "I have instructions."

Joseph V. Reed, the American deputy chief delegate offered his hand as "a member of the human race," but Mr. Pitarka turned his back and the flustered host rushed off to make sure they would not be seated within snubbing range in the dining room.

Some of the most delicate exercises in diplomacy involve dealings among countries that do not have formal relations. The United States, like other nations, makes use of complicated arrangements, which vary with the degree of hostility as well as practical needs.

Washington has been represented in Iran, for exam-

ple, by the Swiss Embassy since Islamic radicals seized the American Embassy in 1979. Because of Iranian objections and fears for their safety, no American diplomats work there.

In Washington, Iran is technically represented by the Algerian Embassy but it operates from offices across town. The United States allows Iranians to work there, largely to deal with the consular requirements of the tens of thousands of Iranians in the United States. But the Iranians representing Teheran in Washington must have American passports or resident permits.

These channels often do not function, however, in part because Iran doubts Switzerland's neutrality. During negotiations last week for the release of The Wall Street Journal's correspondent, Gerald F. Seib, the Swiss were unable to get any response from Foreign Ministry officials. Turkey and Pakistan, which have good relations with both sides, helped arrange his release.

In Libya, where the United States broke off diplomatic relations after a mob burned the American embassy in 1979, Belgium represents American interests. Anti-American demonstrators often march past the Belgian Embassy in Tripoli.

In the case of Albania, which rejects any contact with either superpower, and some other governments that the United States does not recognize — for example, North Korea, Vietnam, Cambodia and Angola — no formal relations are conducted through third countries.

But American and Vietnamese officials meet regularly in Hanoi and Ho Chi Minh City to discuss the fate of Americans missing since the Vietnam War.

Angola is another sensitive case. State Department officials acknowledge only that "an informal arrangement with a Western Embassy" helps protect Americans there.

In Cuba, however, United States business is conducted by an interest section under Swiss auspices that operates much like an embassy. It has about 20 American diplomats. Havana and Washington have used their Interests Sections for negotiations on topics such as punishing hijackers and regulating the immigration of



Gerald F. Seib and his wife, Barbara Rosewicz, in Zurich.

Cubans to the United States. But some subjects such as the Cuban troops in Angola are only discussed at higher levels.

In Nicaragua and Afghanistan, although Washington finances and equips anti-Government rebels, it nevertheless maintains diplomatic relations and embassies. The top post in Kabul has been left vacant, however, since the 1979 murder of the American Ambassador, Adolph Dubs.

Perhaps the most convenient place for dealings between countries that have hostile or nonexistent relations is the United Nations, where

most countries keep representatives. Talks leading to the re-establishment of United States relations with Mongolia last month were conducted there by the American chief delegate, Vernon A. Walters, and a deputy, Herbert S. Okun, both of whom speak Russian, the language used by most Mongolian diplomats.

The State Department issues instructions explaining in detail the appropriate conduct for officials who encounter diplomats from hostile countries. But Mr. Walters has devised his own system. "I nod to them twice," he says. "When they don't nod back, I give up."



## Political and Economic Factors Slow a Market That Once Had Unlimited Possibilities

## U.S. Arms Exports Dip in the Third World

By JOHN H. CUSHMAN Jr.

**A**merican weapons manufacturers may be losing their competitive edge in global markets just when the prolonged Reagan military buildup has put their domestic business at a peak.

It is not that the prosperous American companies are less efficient or adept than their counterparts in Western Europe, the Soviet Union or the third world. But selling arms is more dependent on subsidy and susceptible to politics than any other export business, and the United States, for all its technological prowess and despite the economies of scale enjoyed by its immense arms industry, is facing increasing difficulty.

President Reagan argued that American exporters are losing ground to Soviet competition in his State of the Union Message. "Even today, though nearly one in three Soviet families is without running hot water, and the average family spends two hours a day shopping for the

basic necessities of life, their Government still found the resources to transfer \$75 billion in weapons to client states in the last five years," he said. At the same time, the President complained, Congress has cut his budgets for security assistance. "When the programs are devastated, American interests are harmed," he said.

In developing countries, meanwhile, the market is shrinking. "Deliveries of arms to the third world peaked in 1982, declined modestly in 1983 and 1984, and abruptly in 1985," noted Ruth Leger Sivard in the new edition of World Military and Social Expenditures, which the former chief of the economics division at the United States Arms Control and Disarmament Agency, edits. The slowdown "in a market once judged to have unlimited possibilities" was the result of "strong economic pressures," she said, adding that that's for the better, since money for arms is diverted from civil and social investment.

The trend is viewed as disturbing by the Reagan Administration, which emphasizes arms sales as a tool of foreign and defense policy. Foreign aid has been squeezed, and commitments to allies such as Egypt and Israel have forced cuts in assistance to others, such as Spain and South Korea. "When we strengthen our friends we strengthen our ability to defend ourselves," Defense Secretary Caspar W. Weinberger said. "It's a much more cost-effective way to defend the United States."

The Administration's 1988 budget includes \$5.8 billion in military aid, mostly loans and grants to finance purchases of military hardware. In 1987, Congress approved \$4.9 billion but set aside all but 14 percent for Israel, Egypt, Greece, Turkey and Pakistan. "It's going to be tight whether or not we fall to fourth place in third world arms sales," said Richard Grimmett of the Congressional Research Service. He is assembling 1986 data for the leading arms exporters: the United States, Soviet Union, Britain, France and Italy.

But American arms sales are far from grinding to a halt. The United States sold \$7.1 billion of arms last year, \$3.9 billion to the third world. The Administration has announced new sales to two Persian Gulf nations that are

watching with alarm as Iran's army inches into Iraq. Bahrain is to get a squadron of F-16's, and Saudi Arabia, hundreds of Bradley infantry fighting vehicles.

The sales, each in the hundreds of millions of dollars, are unlikely to be controversial. But arms exporters are still smarting from Congressional opposition to military exports to Arab nations that has squelched important deals. "Such informally blocked sales probably range from \$2 billion to \$3 billion a year," said the American League for Exports and Security Assistance, a lobbying group for arms exporters.

While no arms sale proposed by any Administration has ever been voted down, proposals have been altered or withdrawn. Representative Mel Levine, Democrat of California, recently introduced an amendment to the Arms Export Control Act that would require advance approval of most arms sales to all but close allies. The bill, seen as a sign that power in the Government is shifting back to Congress, is now before House and Senate foreign affairs committees, and is given favorable odds of passing the panels in the wake of the Iran arms scandal.

Its opponents say that Arab states, in particular, will turn to new suppliers if they think arms bought from the United States will face prolonged scrutiny. That was the case in 1985, for example, when Saudi Arabia turned to Britain for Tornado fighter jets because of opposition to additional sales by the United States of F-15's. The Saudis spent \$6 billion on Tornados, and the European consortium making the planes can expect additional billions in orders for additional equipment and spare parts.

Opponents also say that any President, even a Democrat, would find the Levine amendment objectionable. This argument may sway some in Congress, but so far there is no sign of it. The Senate bill is co-sponsored by Joseph R. Biden Jr., the Delaware Democrat who is a Presidential aspirant, and Claiborne Pell, the Rhode Island Democrat who is the new chairman of the Foreign Relations Committee. The Democrats, with their attention on the Iran scandal, seem decidedly uninterested in any enlarged role for arms sales in future foreign policy.

## The arms trade

Leading exporters of arms to the third world\* (in billions of dollars, fiscal year 1985)

Soviet Union	\$9.1
Britain	6.5
United States	5.3
France	1.4
Italy	1.3

Top ten purchasers of U.S. arms\* (in millions of dollars, fiscal year 1986)

Saudi Arabia	\$721,202
Egypt	573,849
Taiwan	517,591
Turkey	477,205
West Germany	461,796
Australia	400,170
Indonesia	361,251
Britain	344,882
Japan	245,672
Portugal	239,407

\*figures refer to arms transfer agreements, which represent new contracts rather than deliveries

Source: Congressional Research Service



Egyptian officers inspecting an American-made Grumman E-2C Hawkeye electronic surveillance plane delivered to Cairo West Air Base last week.

## The Casey Succession



Robert M. Gates

Associated Press

## Gates Finds C.I.A. Beset By Problems

By STEPHEN ENGELBERG

**S**OME agencies in this city gain prominence because of what they do, others because of whom their leaders know. In the last six years, under William J. Casey, President Reagan's close friend, the Central Intelligence Agency achieved new influence for both reasons. But that very power has contributed to a long list of potentially difficult problems that his newly nominated successor must face — without the benefit of Mr. Casey's clout.

As Mr. Casey resigned last week because of ill health, his deputy, Robert M. Gates, took over an agency once again under investigation on Capitol Hill for its role in a covert operation that went sour, the Iran arms deal. He will also be asked some tough questions about whether any senior agency officials were involved in illegally helping Nicaraguan rebels.

Although Mr. Gates is expected to receive quick confirmation from the Senate, questions will be raised about his own role in the affair. Some Senators want to know why Mr. Gates did not tell them about his investigation a month before the operation became public of suspicions that profits from the arms deal were going to the Contras of Nicaragua.

Mr. Gates, a career intelligence professional, will also be returning more than once to Capitol Hill to try to protect the intelligence agencies against the trend toward slower growth in spending on military and intelligence matters. One item likely to put pressure on their budget is the need to pay for alternate methods of launching spy satellites that were to have been carried by the grounded space shuttles.

"We have a serious problem," observed William Cohen, the Maine Republican who is the new vice chairman of the Senate intelligence committee. "People want more intelligence, but they're not willing to pay for it."

Mr. Gates, at 43 years old the youngest Director of Central Intelligence, has been accorded Cabinet rank and promised access to President Reagan whenever he needs it. Nonetheless, several Administration officials predicted that the agency will inevitably suffer a loss of clout, not only because of the Iran-contra affair but also because of the absence of Mr. Casey's influence at the White House. Several legislators, however, have expressed optimism that Mr. Gates, the first director of central intelligence to come from the analytical branch of the C.I.A., will cooperate more fully with the Congressional oversight committees than Mr. Casey did.

## New Call for Closer Oversight

This week, there were already indications of a new relationship between Congress and the intelligence agencies. Representative Louis Stokes, Democrat of Ohio and the incoming chairman of the House Permanent Select Intelligence Committee, announced he had drafted legislation to forbid the President to keep a covert operation secret from Congress for more than 48 hours. In the covert dealings with Iran, Government lawyers concluded that existing statutes permitted Mr. Reagan to delay notification of Congress for nearly a year.

Mr. Stokes's bill would also bar any oral "findings" by the President authorizing covert action, requiring instead that all such decisions be approved in writing with copies given to all the members of the National Security Council. Mr. Gates himself will have to resolve a sharp split within the intelligence community. Under Mr. Casey, the agency has actively pursued support for anti-Communist insurgencies, in Angola and Afghanistan, for example, as well as Nicaragua. Many longtime intelligence professionals contend that such operations cannot be kept secret long and that they inevitably drag the C.I.A. into questionable activities.

Legislators and Administration officials agree that, despite Congressional feuding with Mr. Casey over such covert operations as the mining of Nicaraguan harbors, the committees have given intelligence agencies substantial support in recent years. Because of Mr. Casey's close ties to Mr. Reagan and because of a consensus in Congress that a rebuilding was needed, spending for intelligence agencies has increased even more than military spending.

Members of Congress are asking, however, whether the intelligence agencies are spending their money wisely. A report this week by the House Intelligence Committee harshly criticizes the intelligence agencies for "dangerous laxities" in security and personnel policies. In particular, the report notes that Edward Lee Howard was hired by the agency despite a history of hard drug use and was given access to highly sensitive information during his probation period. He is believed to have devastated the C.I.A.'s Moscow station by describing it to the Russians.



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# Castro Recoils at a Hint of Wealth

Some people made too much, so he scuttled Cuba's venture into free enterprise.

By JOSEPH B. TREASTER

HAVANA — LAST spring, Cuba's quixotic leader, Fidel Castro, discovered a garlic farmer making \$50,000 a year by privately selling what he had left over after meeting his quota for the state agriculture system.

A little later, the 60-year-old Mr. Castro came across another farmer who had bought two trucks and was making \$150,000 a year — 30 times more than the Communist state pays a surgeon — hauling fruit and vegetables.

Mr. Castro, who preaches Socialist equality with the fervor of a Bible belt evangelist, soon found there were many farmers, truckers and brokers making big money supplying produce and meat to the scores of private farmers' markets that he himself had initiated in 1980 to stimulate production and to reduce food shortages. He was stunned. His revolution, now in its 28th year, was being deformed, he said. Cuban Communists were behaving like "capitalists in disguise." A new wealthy class was developing in a country where classes had supposedly been eradicated.

Not only that, but throughout the island of 10 million people, the revolutionary work ethic that Mr. Castro and the legendary Ernesto "Che" Guevara had trumpeted in the early days of their victory over the Batista dictatorship, seemed to have vanished. At state-run factories and farms, personnel rosters were bloated and workers were putting in only four or five hours a day. Even with dismal production and quality, many managers were authorizing bonuses and some workers were drawing double salaries. A ring of physicians employed by the state was caught selling faked health certificates that permitted early retirement, for \$1,500 a crack. One artist, apparently having done nothing illegal, earned \$180,000 selling his paintings to Government institutions.

It was "generalized vice," Mr. Castro said. And in anger, he shut down the thriving farmers' markets last May, although they had seemed to have nearly ended the shortages of produce and meat that had been so common in Cuba in the 1970's. The markets themselves, with their wood-and-cement open stalls, are still standing. But the farmers are gone, replaced by state employees selling fruit and vegetables at what are now Government markets. "Before, the variety was greater," said a woman shopping at one of the markets on the eastern edge of Havana on a recent Sunday. "Today they had bananas but not the kind you cook. Lettuce and carrots didn't come in at all."

A teacher in his late 20's said it was not good that the farmers had been making so much money. "But they were solving a very serious problem," he said. "It was good for the people."

The manager of an office in Havana said she had never gone to the farmers' markets. But she said she used to see farmers and their wives in a store in the capital that sells expensive appliances and luxury items and that she resented them. "There would be many people looking at things and thinking about buying them," she said. "Then a farmer would come in and take two or three fans right off the table."

Within weeks after closing the farmers' markets, Mr. Castro halted his other major venture into capitalism — private home ownership, including the right to build one's own home. The goal of the program, which had lasted a year, had been to satisfy a yearning among Cubans for title to their state-



Buying groceries at a "parallel market" in downtown Havana, where the government sells some farm output without rationing, but at high prices.

owned houses and apartments, and also to rid the Government of huge maintenance costs. But some people, Mr. Castro said, were "getting rich," buying, selling and trading homes.

The Cuban Government has never said how many people bought homes during the brief life of the program. Those who did, however, presumably will be allowed to keep them or pass them on to other family members, but will only be able to sell them to the state, at Government-fixed prices.

The clampdown in Cuba has come as other Communist countries have eased restraints on entrepreneurship. Recently, for example, the Soviet Union said it was considering allowing the private operation of some restaurants. In Hungary, the least doctrinaire of the satellite states, shopkeepers, taxi drivers and restaurateurs do business almost as independently as they would in the West and private farmers provide 40 percent of the country's food. China has thousands of free markets that sell everything from farm products to used motorcycles. And 80 percent of the restaurants opened in China in the last nine years are private.

Against such a backdrop, Fidel Castro's doctrinaire disapproval of too much individual wealth seems almost old-fashioned. He has even suspended author royalties and production bonuses, the latter widely used for years by the Government to promote productivity. "No one was born a revolutionary," the Cuban leader said at a Communist Party congress. "We must cultivate man's sense of shame. We must cultivate man's honor, dignity and his best qualities."

Mr. Castro's new determination to instill in his people "a Communist conscience" represents a major shift in economic policy — a shift that goes far beyond the sudden ending of the free enterprise ventures that he had permitted since 1980. Last month, with Cuba caught in one of the worst economic crunches of its Socialist history, Mr. Castro began a sweeping austerity program that is likely to continue for many months.

To counter a sharp drop in Government revenues, the Cuban leader ordered a broad range of cutbacks to reduce public expenditures. The cutbacks include reductions in personal allotments of rice, milk, beef, beer and fabric for clothing, fewer hours of broadcasting for the two national television channels, a rise in electricity rates and the doubling of city bus fares to 10 cents.

The austerity campaign is not to be mistaken for a Cuban version of Mao Zedong's cultural revolution, Mr. Castro said. But, he added, it is nonetheless meant to profoundly change Cuban life, instilling not only discipline and greater morality but also a toleration of the sort of hardships characteristic of the regime's early



years. He is giving it almost all his energy, putting aside his earlier obsession with Latin America's staggering debt and easing off on his largely successful campaign to cast himself as elder statesman and champion of regional unity.

Western diplomats and other experts on Cuba say Mr. Castro appears to be taking Cuba back to the spirit of the 1960's when revolutionaries like Mr. Guevara, rather than economists, formulated policy. "In those early days, the economy was based more on moral incentives," said one middle-level Government official. "There was no control of the labor forces. He supposed that all people would have enough conscience to go to work and work hard without any threat of sanctions. He tried to show that money was not important."

In the early 1970's, Mr. Castro shifted to a more orthodox, Soviet-style approach of goals and objectives after humiliating himself in 1970 by failing to achieve a much-publicized goal of harvesting 10 million tons of sugar. Overtime pay, bonuses and other material incentives were introduced. Cars, refrigerators, tele-

vision sets and other scarce items regarded as luxuries in Cuba, went first to outstanding workers.

In time, Mr. Castro permitted small, private businesses — cobblers, tailors, key makers, carpenters, mechanics, plumbers and other craftsmen and artisans who work mainly from their homes after doing state jobs. Now most of the worker incentives are being dismantled. How far the Cuban leader intends to go in re-restraining the home businesses is not clear, but one official said there have been discussions of organizing them into state enterprises.

Trying to explain how things had unraveled, Mr. Castro spoke to his party leaders recently of a "blind belief in mechanisms alone," saying that a mistaken belief had emerged "that everything would work perfectly under the system of direction and planning of the economy." He added: "Economic mechanisms are instruments of political and revolutionary work. However, they are not the fundamental means to the construction of Socialism and Communism. The fundamental means is political and revolutionary work."

# The Economy

## WEEK IN BUSINESS

The economy showed signs of strength in December, but analysts are maintaining a cautious pessimism. Leading indicators rose a strong 2.1 percent in December, the best showing in four years. Sales of new homes spurred 8.9 percent, ending a record year for the housing industry, and factory orders, helped by strong civilian demand, gained 1.2 percent. On the downside, productivity fell 1.7 percent in the fourth quarter, and spending on new construction dropped five-tenths of 1 percent in December. Most analysts warned that a number of one-time factors, including the tax law that went into effect Jan. 1, made the improvement seem less dramatic. They said they would wait and see what the next few months bring before declaring the economy back on track.

Unemployment was unchanged at 6.6 percent overall in January. A normal post-Christmas rise in unemployment did not develop, analysts said, because fewer workers were hired just for the Christmas season.

Stocks resumed their climb. The Dow Jones industrial average, on a high since the first of the year, topped 2,200 on Thursday, closing at a record 2,201.49 in a rally that has seen the Dow gain more than 300 points since New Year's Day. What's causing the optimism remains anyone's guess, but small traders are joining institutional investors in the buying spree, sending volume to near-record levels. But Friday brought a spate of profit taking and for the week, the Dow gained 28.83 points, closing at 2,186.87.

Bond prices rose as well, as investors — especially foreign ones — snapped up a new Treasury issue.

The former Bell units should be allowed to expand into equipment manufacturing, electronic delivery of information and long-distance — with restrictions — the Justice Department said. It urged a Federal court to ease most restrictions placed on the companies, spun off in the breakup of A.T.&T. three years ago. The companies had been seeking such a relaxation so they could better compete against their former parent, but A.T.&T. said that allowing the Baby Bells such latitude would create "chaos and gridlock."

Saudi Arabia wants the price of oil to be \$18 a barrel — not more and not less. Aramco, the Arab-American oil consortium, agreed to the \$18 price, an indication that it might hold. Treasury Secretary James A. Baker 3d, in Saudi Arabia for talks centering on oil, did not disagree with that level, but other members of OPEC may. A conference on the falling dollar was postponed. The Group of 5 had been expected to meet this weekend in Paris to discuss ways of stabilizing the dollar, but the fall has eased somewhat and officials may be waiting to see January's trade figures before deciding what steps to take. Meanwhile, Paul A. Volcker, the Fed chairman, warned that the dollar may be falling too far.

The S.E.C. is expanding its investigation of the trading activities of Ivan F. Boesky and Drexel Burnham Lambert. Among the latest targets: Drexel's customers for "junk" bonds and a \$5.3 million invoice from Drexel to Mr. Boesky. Although Drexel and Mr. Boesky said the invoice was for advisory and consulting services, investigators are looking into the possibility that Drexel made illegal purchases of stock for Mr. Boesky.

A.H. Robins was offered a buyout by American Home Products. American Home wants to structure the deal to limit the liability that Robins faces from women who used the Dalkon Shield. Robins is in Chapter 11; the bid is reported to be worth between \$1.8 billion and \$2.2 billion.

G.M.'s profits fell nearly 70 percent in the fourth quarter, and 26 percent for the year. Chrysler, too, reported lower profits for the year, but its fourth-quarter net jumped 50.5 percent. G.M. has been losing money in Europe, and has been writing down outmoded plants and operations.

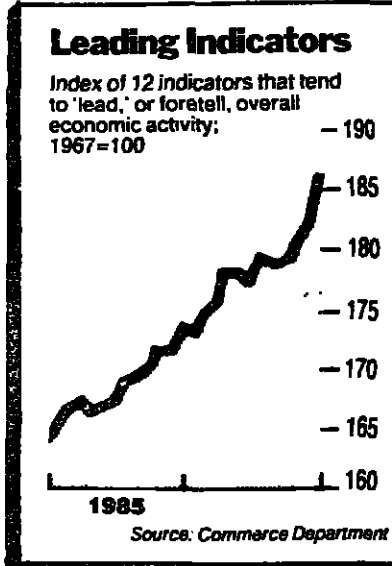
T. Boone Pickens offered \$2.06 billion in cash for all of Diamond Shamrock, sweetening his previous offer of \$30 million for 18 percent. But Shamrock is still resisting — it announced a recapitalization plan that would break it in two and brought Prudential in as a major investor with veto power over any bid.

Sweeping changes in pension rules will be requested by President Reagan, who wants stricter standards on employer contributions. He would also like companies to have greater latitude in using pension fund money for their own benefit. The proposals are expected to face stiff opposition.

Charles R. Schwab is buying back his discount brokerage from Bank America for \$250 million. The move had been long expected as Bank America sheds assets to strengthen its financial condition.

USX will close three plants and lay off about 2,700 workers. Although the big steel company called the closings "temporary," it acknowledged that the plants would not reopen unless the market improves.

Viacom was offered a buyout by Sumner M. Redstone, who already controls about 20 percent of the entertainment company. Viacom has already agreed to a \$44-a-share management buyout, but Mr. Redstone's offer is valued at \$44.75 a share in cash and preferred stock.



# A Game the Saudis Cannot Afford

By STEVE H. HANKE

LAST week, during his visit to Riyadh, Saudi Arabia, Treasury Secretary James A. Baker 3d and his Saudi hosts continued to oversupply the world oil market with atmospheric. While confessing that they did not know how long it would last, both sides agreed that \$18-a-barrel oil was good for consumers and producers. So much for the talk. What about the economic realities?

First, look at what caused the Organization of Petroleum Exporting Countries to unravel last year. As with all cartels, excess capacity became OPEC's Achilles' heel. To impose artificially high prices, OPEC had to reduce output, leaving it with some excess capacity in the early 1970's. The market force of artificially high prices pushed down world demand by 15 percent from 1979 through 1985. Also, the supply of oil from the non-OPEC interlopers rose by almost 50 percent from 1973 through 1985. Thus, OPEC had to again dramatically reduce its output — to nearly 50 percent below its peak in 1977, leaving it with even more excess capacity.

The excess capacity was not evenly spread among OPEC members. Like non-OPEC producers, many OPEC

members found high prices tempting. In consequence, these members developed a propensity for cheating. This left the primary burden for cutting OPEC output with its largest producer, the Saudis, and they became the so-called swing producer.

As a consequence, the Saudis were almost squeezed out of the market, with the kingdom's oil output plummeting by 80 percent between its 1980 peak and August 1985. Boxed into a corner, the Saudis began to open their oil valves in late 1985 and prices went into a free fall, dipping below \$10 a barrel last April. Responding to political pressures from Iran — and, some speculate, the United States — King Fahd altered his course, calling for a posted price of \$18 a barrel and new output quotas for OPEC members.

Although the King's new policy, adopted by OPEC in December, appears to be working, we should not conclude that \$18-a-barrel oil is here to stay. Cartels are inherently unstable, and there is more to the economics of international oil than OPEC turning price and quantity dials. At \$18 a barrel, the price of oil is artificially high. This promises to set the same economic forces in motion that caused OPEC to break up last year.

In fact, these forces are at work now. To support the \$18 price, Saudi Arabia — would have to continue to act as the swing producer, a role it can ill afford. The kingdom's support of OPEC over the years has cost it dearly and has created a mega-financial crisis that leaves no room to

maneuver. Saudi oil revenues fell from \$113 billion in 1981 to only about \$16 billion in 1986. With falling interest rates, the kingdom's earnings from foreign investments have also declined sharply, particularly in the last two years. Furthermore, since its oil sales are priced in dollars and a good bit of its foreign earnings are derived from dollar investments, Saudi Arabia's purchasing power has been further eroded by the falling dollar.

GIVEN the dramatic fall in revenues, the kingdom has slashed its budget outlays rather close to the bone. However, even with their budget cutting and devaluations, the Saudis have had to dip deeply into their dwindling reserves to finance budget deficits of staggering proportions. (The Saudi deficit for the fiscal year 1987 is equal to 31 percent of expenditures, the equivalent of \$315 billion in the United States.)

Faced with these financial woes, the Saudis will not operate as a swing producer for long. In an attempt to bring discipline to the cartel, the kingdom will be forced to expand production to regain its market share, and the cartel will break down once again, probably within a year. These periodic episodes of cartel instability will become more frequent, with an ever-diminishing possibility for Saudi Arabia to act as a swing producer.

Sooner or later, financial pressures will force the kingdom to manage its oil resources so as to maximize their value. This will require the Saudis to

raise output from the current 3.75 million barrels a day to near their 9 million barrel capacity and dust off plans for development of new capacity. Since only 15 of the 50 known commercial oilfields in Saudi Arabia have been developed, the Saudis could, according to calculations made by Prof. M.A. Adelman of the Massachusetts Institute of Technology, easily push their capacity to 23 million barrels a day by 1995. This increase would be attractive because it would cost only about 62 cents a barrel to develop and operate.

When the Saudis begin to increase their production and develop new capacity, it will signal the beginning of a transition toward a more competitive world oil market. This will be accompanied by an oil development boom in low-cost areas, primarily the OPEC countries. For example, again using Professor Adelman's figures, the cartel countries, including Saudi Arabia, could push their capacity from the current 28 million to 63 million barrels a day by 1995, and 80 percent of this new capacity could be developed and operated at between 30 cents and 68 cents a barrel.

Competitive markets will induce more production and a gradual shift in production from high-cost to low-cost regions, producing prices conservatively estimated at \$5 in \$10 a barrel. The so-called oil glut of 1986 was not an anomaly. It was symptomatic of a permanent "oversupply" that promises to exert unyielding downward pressure on oil prices.

## The New York Stock Exchange

### MOST ACTIVE STOCKS WEEK ENDED FEBRUARY 6, 1987

Company	Sales	Last	Net Chng
AT&T	22,181,550	23%	- 3/4
G Mot	15,219,200	76%	+ 2 1/4
IBM	11,624,600	135%	+ 8 1/2
USX	10,968,100	24%	+ 1 1/4
Phil Pet	9,792,100	14	+ 1 1/2
Texasco	8,705,200	38%	+ 1 1/4
Ni Semi	8,293,900	14%	+ 3/4
U Carb	8,212,500	26%	+ 1
Schlmb	8,180,500	39%	+ 3
A El Pw	7,209,700	30%	- 1/4
AMD	7,031,900	22%	+ 4 1/4
Solam	6,967,400	39%	+ 1 1/4
Fe N M	6,519,300	48	+ 4 1/4
AMI	6,317,900	18%	+ 3/4
Navistr	6,287,900	6%	...

### Standard & Poor's

400 Indust	318.9	307.3	316.2	+ 7.93
20 Transp	226.7	212.1	225.9	+11.11
40 Utils	123.4	121.7	121.8	- 0.98
40 Financial	30.1	29.2	29.9	+ 0.28
500 Stocks	282.2	273.1	280.0	+ 5.79

### Dow Jones

30 Indust	223.2	214.2	218.6	+28.83
20 Transp	932.1	869.0	924.1	+49.30
15 Utils	228.5	223.2	226.1	- 1.44
65 Comb	852.4	816.4	841.9	+19.79

### The American Stock Exchange

### MOST ACTIVE STOCKS WEEK ENDED FEB. 6, 1987

Company	Sales	Last	Net Chng
Wicks	5,361,000	14	...
WangLabB	3,501,100	5	+ 2
Amdahl	2,579,400	34 1/2	+ 4 1/4
TexasAirCp	2,524,400	49 1/4	+ 4 1/2
BAT Ind	2,040,400	7 1/4	+ 3/16
WestDigital	1,976,100	27 1/4	+ 2 1/4
Domtar	1,882,200	36	+ 4 1/4
HomeShop	1,585,700	38 1/2	+ 1/2
LorimarTel	1,545,100	18 1/2	+ 1/4
Hasbro	1,344,400	22 1/4	+ 1/2

### MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
1,552	477	2,195	447	18
1,181	768	2,186	275	27

### VOLUME

4 P.M. New York Close	Last	Year To Date
Total Sales	1,038,555,040	5,079,356,658
Same Per. 1986	745,842,060	3,625,026,821

### WEEK'S MARKET AVERAGES

High	Low	Last	Change
189.5	182.7	188.1	+5.38
137.1	128.6	136.3	+7.51
80.1	79.2	79.5	-0.11
157.9	153.5	157.3	+2.76
180.9	156.0	159.9	+3.82

### New York Stock Exchange

Indust	Transp	Utils	Finance	Composite
189.5	137.1	80.1	157.9	180.9
182.7	128.6	79.2	153.5	156.0
188.1	136.3	79.5	157.3	159.9
+5.38	+7.51	-0.11	+2.76	+3.82

### VOLUME

4 P.M. New York Close	Last	Year To Date
Total Sales	79,703,300	389,561,995
Same Per. 1986	57,300,885	301,629,635

Steve H. Hanke is a professor of applied economics at the Johns Hopkins University and chief economist at Friedberg Commodity Management.



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## Franchising the Reagan Doctrine

Day by day, the news exposes a deep and dangerous dimension to the Iran-contra crisis: privatized diplomacy.

Behind the specifics of this Iran deal or that contra payment, there's an underlying pattern. If an American President's foreign policy is thwarted at home, he franchises his diplomacy secretly. He needn't bother to sell his policies to his own people. He needn't bother getting Congress to pay for them. Instead, he can promote them by bartering, under the counter, with foreign potentates like King Fahd of Saudi Arabia or the Sultan of Brunei.

Worse yet, the money thus raised can be pooled with funds from American oil men or rightist private groups like Gen. John Singlaub's World Anti-Communist League.

Who needs the State Department? Who needs Congress, even?

The Reagan Administration's privatized diplomacy first came to light in August 1985, when the White House confirmed that a National Security Council aide was raising funds for the Nicaraguan contras. Lieut. Col. Oliver North's activities stirred protests in Congress, even the threat of hearings.

But nothing much happened and soon, he was all over the globe — chartering Danish ships to send TOW missiles to Iran, persuading Ross Perot to offer ransom for American hostages, diverting arms profits to Central America.

The Times's Jeff Gerth brought more privatized diplomacy to light last week with reports of the 1981 sale to Saudi Arabia of Awacs radar planes and other advanced weaponry. As part of this furiously contested \$8.5 billion deal, King Fahd evidently agreed, surreptitiously, to aid anti-Communist resistance groups favored by the Reagan Administration in Afghanistan, Angola and Nicaragua.

And from 1983 to 1985, King Fahd saw to it that \$30 million was donated to the contras, though it's still unclear who got the money.

The highly sophisticated Awacs surveillance planes are not routine weapons but something like the crown jewels of America's arsenal. The sale to Saudi Arabia was the first to a non-NATO customer, so it fixed a precedent, whetted appetites of other third world friends and ratcheted upward the Arab-Israeli arms race.

The Saudi deal was the first hot issue to face President-elect Reagan. He discussed it in his first post-election meeting with President Carter, displaying the same tolerance for dictators, if anti-Communist, that has fueled his privatized diplomacy and what has come to be called the Reagan Doctrine. This holds that Americans should provide military aid to "freedom fighters" against leftist regimes.

When unable to persuade Congress to lavish aid at the levels he wanted, he turned to foreign governments to finance his policy desires. Thus the Saudis and the Sultan of Brunei have provided funds for Nicaragua's contras. The main patron of Unita rebels in Angola has been South Africa. It's the authoritarians to whom Mr. Reagan has turned in his crusade for democracy.

There's no sign that the White House has given thought to where this zeal might lead. Where in the Constitution is it written that the President can go to foreign governments to evade the Congressional power of the purse? Where is it written that he can franchise war-making powers without the slightest consultation? In the Awacs deal, for instance, there's no evidence that anyone in Congress was ever informed of the kickbacks involved.

The remedy is for Congress to close the back door through which a determined President can now drive entire rebel armies.

## When Social Security's Anti-Social

Can America afford to acquire more land for national parks or retrain workers displaced by imports? Can it pay for rebuilding the congested air traffic system or protecting South Africa's neighbors from economic collapse? There's a better question: Can a rich nation afford not to make these and other investments in a decent future?

The answers are obvious. Yet the vast continuing budget deficit puts all priorities in doubt. One way to pay for desirable goals is with taxes, but there's also another way.

Government subsidies for affluent Americans need not forever remain untouchable. Such subsidies range from crop price supports for successful farmers to tax-free fringe benefits for tens of millions of middle-income workers. By far the largest involves Social Security.

Social Security pension payments will total about \$217 billion in 1988, roughly double the amount in 1980. Some of the increase is explained by the growth of the older population, some to automatic cost of living adjustments. But much is due to the increase in average benefits, as workers with larger entitlements keyed to higher wages retire. In 1981 the average pensioner and spouse received about \$6,800 annually; next year it will reach \$10,000.

This increase has transformed the lives of old people in need. In 1959, one retiree in three lived in poverty; now, it's one in eight. Today, the average retiree on Social Security has a higher average income than the rest of the population.

Beneficiaries contend that they are getting back only what they invested in wage taxes. In fact, payments from the Social Security trust fund have always been set by a Congress inclined to be far more generous than a private insurer's budget-conscious actuaries. Average payments are six times greater than the return a pensioner might have expected from investing in a private annuity.

The current generation of workers, many of them poorer than the pensioners, is picking up the tab with a 15 percent payroll tax. No one has dared think about who will pay for their retirement. No one wants to push millions of old people into poverty by rolling back benefits or eliminating cost of living adjustments. But why neglect a whole population's vital interests for the sake of affluent retirees?

A modest first step would be to treat Social Security payments as ordinary taxable income. Pensioners on tight budgets would owe little or nothing. Those with higher incomes currently pay tax on just half their Social Security benefits. That made sense to Congress because the employee half of Social Security contributions had already been taxed once. But since the whole system runs on funny money, there is no deeper logic to this tax break. The change would bring in about \$15 billion next year, considerably more in the future.

Congress is far from eager to stand up to a well-organized lobby representing one voter in six. If the large and growing Social Security elephant remains free to graze where it pleases, however, other public interests will be unjustly trampled.

## The Editorial Notebook

### Blacks and Blue Power

In Chicago, it used to be routine police practice to sweep up large numbers of young black and Hispanic men on disorderly conduct charges, hold them overnight and release them the next day without prosecution. In 1982, the American Civil Liberties Union challenged the practice in Federal court. In 1983, when Harold Washington took over as Chicago's first black mayor, the city entered into a consent decree to end the sweeps. His predecessor had defended the policy; Mayor Washington apologized for there ever having been such a practice in Chicago.

It was then, for the first time, that black political power acquired real significance for me. It meant that the police could actually be forced to exercise some discretion and restraint toward black people.

A dangerous, humiliating, sometimes fatal encounter with the police is almost a rite of passage for a black man in the United States. Such encounters are a staple in black literature — see James Baldwin's "The Fire Next Time" or Ralph Ellison's "Invisible Man" or Richard Wright's "Native Son." Even black men who share no other problem with the black underclass share this one. The most successful, respectable black man can find himself in a one-sided confrontation with a cop who thinks

### Why Crime Victims Are Willing to Cheer

A Larry Davis

his first name is "Nigger" and his last name is "Boy."

It has happened to me more than once; it has happened to other members of my family. I think in particular of an uncle, once kind and gentle, who now resides in a psychiatric ward in Waco, Tex. My parents say that his long descent into insanity began with a brutal beating by two Houston policemen in the 1950's.

That's why I have no trouble believing, his no contest plea notwithstanding, that Dwight Gooden was "set up" by the Tampa police and that they would have liked nothing better than to break his arm, as one shouted for his colleagues to do, and deprive him of his living.

That's why I have no trouble believing Cedric Sandiford's account of his treatment — like a suspect, not a victim and witness — by the New York City police after they found him, beaten and dazed, on the highway following the Howard Beach incident in December.

That's why it didn't exactly sur-

prise me to learn that Larry Davis, the accused murderer who eluded a New York police dragnet for 17 days last fall, was cheered by some residents of the Bronx housing project where he finally was captured. For if I, blessed with middle-class comfort and security, feel an ambivalence tilting toward antipathy for the police, imagine what those in less favored circumstances must feel.

What makes this all so perverse is that those people need good policing more than anyone. They and their children are at greatest risk from petty crime and gang warfare, from drug dealers, burglars, extortionists. These people know that New York has put years of effort into integrating its Police Department and they know of the leadership of Benjamin Ward, the city's first black Police Commissioner. But they also know that a call to the police invites, along with the possibility of help, the possibility of abuse, mistreatment, even death.

Of course Mayor Koch is right: People ought to deplore the criminal havoc wreaked by people like Larry Davis. And I do. But I also remember that — knock wood — I have never been abused or terrorized by a Larry Davis. I wish I could say the same about police. DON WYCLIFF

## Letters

### Our Friends Shake Their Heads

To the Editor:

Lewis E. Lehrman's ardent defense of the Reagan Doctrine (Op-Ed, Jan. 21) may serve to rally the troops for the President's last two years, but a number of his arguments do not stand up to careful scrutiny.

It is not true, as he suggests, that American containment policies since the Truman era form a seamless, continuous web. Disagreements, even within administrations, about how and what to contain have often been as prominent as the control objective. It therefore hardly follows that those who oppose the objective of trying to topple every seemingly vulnerable Marxist regime are isolationists.

Mr. Lehrman's position is consonant with the long Wilsonian tradition in American political life — in this case, that American interests require a compatible world, one defined as ideologically similar. Our values must be universalized, or even their internal value might falter. This certainly appeals to the traditional American sense of mission, but it is hardly the only way to define American foreign-policy commitments.

George F. Kennan and other "realists" have long pointed out that American leaders and opinion makers tend to generalize from one case to many or all. The Reagan Doctrine is a perfect example: It is ridiculous to suggest that a policy appropriate for Afghanistan, where the Russians themselves occupy the country and there is a fully legitimate opposition, can be applied in places such as Nicaragua or Angola, where neither of these conditions obtains. If official objectives are to overthrow Nicaragua and Angola, they will surely fail. If, instead, we seek to put pressure on those governments, there needs to be a far firmer domestic consensus on our objectives and whether they are within reach.

Mr. Lehrman's point about policy credibility surely stands this concept on its head. The common-sense notion is that others can rely on our pledges. Aside from Afghanistan, this could hardly be less true of the other countries in which the Reagan Doctrine is to be applied. There is simply no national or Congressional consensus that our vital interests turn on the

composition of the Angolan or even of the Nicaraguan Government.

Responsible opponents of the Administration's policy consistently urge other approaches, such as multilateral negotiations and security guarantees. If anything, a broad rhetorical commitment to a doctrine as open-ended as this will convince both friends and opponents that we remain as unpredictable as ever.

Among the many foreign-policy choices Americans must make, few are as important as the one posed by Mr. Lehrman. An overgeneral, ideologically motivated approach to national commitments can be contrasted with one that bases national interests more on intrinsic geopolitical or strategic value, taking into account the probability of success and the consequences of failure. We simply do not need to stand everywhere to be credible anywhere. JOSEPH LEPPOLD, Assistant Professor, Political Science, University of Wisconsin-Milwaukee, Jan. 21, 1987

### Privatized Diplomacy

To the Editor:

A Feb. 2 news story reports that in October 1985, when the Reagan White House needed to communicate with Italy's Prime Minister, Bettino Craxi, to tell him that we were forcing down in Italy the jetliner carrying the Achille Lauro hijackers, "it turned in desperation to a part-time consultant," Michael A. Ledeen.

We maintain a large embassy in Rome with several hundred employees at considerable expense to the American taxpayer. I have reason to believe that our people there know the telephone number of the Italian Prime Minister at his habitual residence in the Raphael Hotel. It is surprising that the White House did not trust the embassy to inform Mr. Craxi of our action and to fix a telephone appointment with the President.

Privatization is a concept that may sometimes work in domestic economic affairs. It is hardly a sensible approach to the conduct of foreign relations. RICHARD N. GARDNER, Washington, Feb. 2, 1987

The writer was United States Ambassador to Italy, 1977-81.

## How Making Guns Costs Us Butter

To the Editor:

In "Competitiveness, Not Industrial Policy" (Op-Ed, Jan. 26) Alan M. Webber, editor of the Harvard Business Review, warns that "in the end, it is the company" — not government — "that must match and surpass foreign competition." He urges that the Reagan Administration invest more in research and development, education and export promotion, and avoid more protectionism.

For decades, Washington has executed, de facto, a military-industrial policy that has been a major cause of the loss of our industrial competitiveness. Pentagon policies have been to buy American and aggressively export American equipment of such high technology that our military personnel are not able to operate or maintain their assigned readiness. American civilians are now in jeopardy from foreign terrorists equipped with American weapons. Washington and industrial leaders have presumed that our civil manufacturers could exploit spinoffs from high-tech weapons in competitive markets.

Our military manufacturers have had pre-emptive use of most of our scientists and engineers, and through noncompetitive porkbarrel, have dominated growth in world arms markets. Meanwhile, our civil manufacturers move their factories to Mexico, Taiwan, South Korea or Singapore. Japanese and European manufacturers operate more factories in the U.S., producing high-quality, low-price products more competitively.

President Eisenhower warned of and the Reagan Administration has demonstrated the loss of our ability to compete fairly, openly, freely and with full accountability in industrial-economic transactions that require trust between producers and customers. Our obsessions with our arms-industrial hegemony have caused indifference in managing competitiveness, uncontrolled trade and budget deficits, fears of our protectionism and loss of solidarity with our Western allies. ROBERT E. MCGARRAH, Amherst, Mass., Jan. 28, 1987

The writer was assistant director, research and engineering programs, Office of the Defense Secretary.

## Repay College Loans With Income Surtax

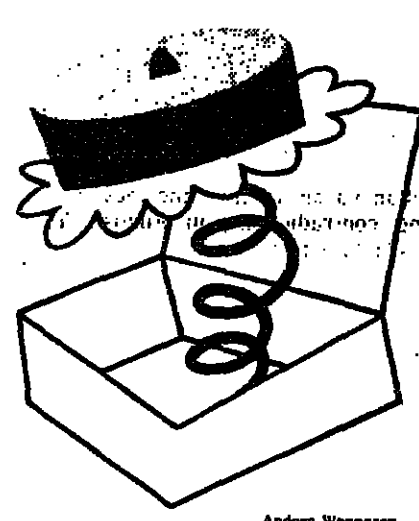
To the Editor:

Your report on worries by education officials and others that the heavy burden of college debt is threatening the financial stability of a generation of young people and their families (Jan. 29) was a good one, but the solution is obvious. Student debts should be repaid by a surtax on income.

Each \$1,000 borrowed would increase the tax rate by an actuarially determined amount, and payment could be spread over a lifetime. Those who earn more money would pay more, but with all borrowers in the pool and a lifetime repayment span, actual payments would be relatively low. Each year, the Department of Education could inform borrowers of their surtax rate, and, as with the Form 1099, send a copy to the Internal Revenue Service.

Not only would this eliminate the burden of student debt, but it might in addition actually serve as a counterweight to the deplorable fact that, in our economic system, remuneration is generally in inverse proportion to the social value of work being performed. WILLIAM A. BAKER, New York, Jan. 29, 1987

## Taking a Nice Cake on the Iran Mission



To the Editor:

Russell Baker questions the gifts Col. Robert C. McFarlane took with him when he met with his Iranian connection in Teheran (column, Jan. 24). The gifts included a cake, baked, the column says, in Israel, and a Bible signed by President Reagan. The arms he was peddling were sent under separate cover.

I'm sure the cake had no sinister intent — no gun baked into it. Rather, it

was, I believe, a Jewish mind at work, trying to do something nice in the surrounding muck.

This immediately brought to mind a scene in Woody Allen's movie "Bananas." Mr. Allen, arriving at the palace of the dictator of the banana republic for dinner, carries an unmissable white cakebox. We learn that the box contains Danish pastry. As I recall, the dictator complained because his guest brought only plain Danish, rather than assorted. Did Mr. Allen foresee the future?

This delicious bit of satire was hilariously funny to the children of Jewish immigrants born and raised in New York City. It was a maxim that "you don't walk into someone's house as an invited guest without bringing something." Freshly baked cake, bought at a local bakery, became the food of choice. (I must add that bringing cake is not in the same league with bringing chicken soup.)

Perhaps the Central Intelligence Agency should hire Woody Allen as a consultant. At the very least, or most, he could add some humor to negotiation: Maybe that's what is needed to defuse the tinderbox we call the world. BLANCHE K. SLOAN, San Diego, Jan. 28, 1987

## Employers Caught in a Pension Plan Squeeze

To the Editor:

"Just Whose Money Is in an Employee Pension Plan?" (Week in Review, Feb. 1), in discussing companies that have taken money from overfunded pension plans, misses a critical point — the future of defined benefit plans.

For decades, defined benefit plans have been the cornerstone of retirement security for American workers. All the investment risk of plan assets for these guaranteed benefits is borne by the employer. In the last decade, however, statutory and regulatory requirements on such plans have increased dramatically. As a result, the rate at which they are established has slowed considerably.

Enormous disincentives to employers providing workers with this important retirement benefit security have arisen from excessive administrative costs to fulfill almost annual new requirements and changes; excise taxes on reversions; frozen or reduced benefit limits; higher Pension Benefit Guaranty Corporation premiums — almost quadrupled (not doubled), and conflicting and burdensome disclosure requirements from the Financial Accounting Standards Board, the arbiter of accounting standards.

No employer wants to terminate a pension plan. But many are forced to do so because current law provides no other legal means to employ excess assets — funds that are rightly theirs to claim — for legitimate business purposes. This issue was examined in considerable detail early last year by the Labor Department's Ad-

visory Council on Employee Welfare and Pension Benefit Plans.

The council, reporting June 26 to Secretary of Labor William E. Brock, recommended creation of a system of direct access to surplus assets without plan termination, accompanied by several well-reasoned protections for employees. Recognizing the wisdom of this recommendation, the Administration is expected to act on this important proposal soon.

Narrow, simplistic views of who "owns" pension assets tends to sidetrack considerations more critical to the health and financial security of American workers. For example, if employers had the option to transfer excess assets from a defined benefit plan to pay for health benefits for retirees without adverse tax consequences, many would institute Section 401(h) arrangements to provide a far more secure benefit for current and future retirees than now exists.

In today's environment and in view of the legitimate concerns about health-care coverage for American workers and retirees, and their dependents, it cannot be convincingly argued that sanctioning such transfers is not in the national interest. STUART J. BRAHS, Executive Director, Association of Private Pension and Welfare Plans, Washington, Feb. 2, 1987

## Networks, Not Viewers, Skittish on Condom Ads

To the Editor:

I wish to applaud the intelligent and necessary recommendations by Jonah Shacknai and William Squadron on the advertising of condoms on television (Op-Ed, Jan. 29). For the networks to refuse to advertise condoms on the ground that American audiences are "not ready" to view material of this nature, while simultaneously bombarding the public with the most sexually suggestive advertising and programming possible is hypocrisy of a high order.

I think the true reasons are that the networks do not wish to appear, however indirectly, to support any form of birth control, much less tacitly to endorse homosexual sex by promoting a product that, by preventing the spread of acquired immune deficiency syndrome, saves lives.

Is network thinking so narrow that fear of controversy outweighs the benefits of the prevention of unwanted pregnancy and the preservation of life? Once again, the networks have drastically underestimated the intelligence of the American public, and in neglecting this opportunity to inform us about an issue of vital importance to us all, done a disservice to the public. ANTHONY LEVINTOW, New York, Jan. 29, 1987

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ON MY MIND | A. M. Rosenthal

## The President Makers

We were sitting around the table after a fine stout lunch, a bunch of us — a couple of Marios, four Bobs, Sam, old George of course, Elizabeth, one Howard and a fellow nobody had expected to be there, Dale.

Somebody had said let's play The Game — who will be President, not necessarily your favorite, but the winner. That is how we divided. Gary would have been there for sure, but his man was off playing golf in Barbados, which may tell you something about Gary himself, or not.

It was a Long Island house and a good New York group — a composer, couple of newspaper people, two lawyers, two writers, a manufacturer, a television producer, a choreographer, a casting director and a person in real estate. Two were in the Social Register and the rest of us were in the telephone book.

Politically it was what you would expect in this part of the country, which is far more mixed than is understood in the rest of the country. Nobody was a member of a political

Mrs. Dole's unit at the table was something of a conservative, very something. But the vote for George Bush also came from a man who thought himself a conservative with a head hard as iron. Material for analysis here. The unexpected entry of Dale Bumpers into the dining room, right from Arkansas, elicited cries of admiration from all for the risk taking of his sponsor, the kindly New Deal-type manufacturer whose perspicacity, however, was questionable, because he clearly thought more of sportswriters than of columnists.

The individual who came out for Sam Nunn was on the rightist side and his choice was sharply challenged by several present. Was he suggesting Sam because they both were militarists, practically merchants of death, and was this not in violation of the rule of head before heart? Not at all, said the Nunner, he had chosen Sam because he had read Larry Tisch liked him and what Larry liked Larry got.

The man who really dominated the talk was Mario Cuomo. He got votes, emotion and terrific advice. One advice was not to act so educated; keep his classicisms to himself. Another was that he was too isolated; aside from his son, only three people close to him were known to the table, one of whom was able, another a viper and the third a bumblehead. And he was going on too much about gnarly-handed ethnics; velvet-handed Wasps also voted. All thought that if he had any desire to be President he ought to say something detailed about foreign affairs by tomorrow morning. The right-leaning liberals were particularly vehement about that.

One fellow, proudly a mushy-headed conservative, thought Mario ought to show if he had any original thoughts about foreign affairs even if he was just going to stick around as Governor of New York. Didn't he have a responsibility as head of the state National Guard to say what he felt about Angola?

There was a lot of passion about Mario, both ways, and everybody knew exactly what he should do, if he wanted to make St. John's University proud of him by making good at last.

Some people got so excited about Mario that they did not eat the cheesecake.

Well, you bet I was on the phone to Albany pretty quick breaking the news about the poll showing Bob displaying unexpected strength among Eastern opinion makers. That threw a scare into Albany all right and forced Mario into deciding to do something dramatic fast. So he is going to make a speech at Villanova on Thomist theology, roots and contradictions in August. You read it here first.

## Conclave on Long Island.

party but almost everybody was enrolled in a political emotion.

There were four liberals, one abashed, two un, one ultra. Usually they voted Democratic, but give them a Lindsay, a Javits, a Nelson Rockefeller and they would happily go Republican; the party of Lincoln, right?

When it came to like, all liberals were for Howard Baker but three said he didn't have a chance. He never should have gone back to Tennessee but stayed in Washington, like Bob Dole, is what they said.

Bob was big among these power brokers, big. But one kind of mean fellow said Bob had been a Republican hatchet man. One of the Kansas crowd said everybody had forgotten all about that. Yeah, said the Dole-basher, well we will remind them. But most of the assembled turned away from him. From right and left came opinion that Bob had a lot going and that it was an axiom that a politician could outlive his hatchet days.

One of the writers was straight out for Elizabeth Dole because this country was ready for a woman President and since Margaret Thatcher seemed to be inflexible Elizabeth was the next best.

## In the Mideast, Fear Of an Iran Victory

By Drew Middleton

The alarm bells are clanging from Muscat in Oman to Cairo and Tel Aviv. The stately pleasure domes of the Saud dynasty seem to stand just a bit less firmly than they did a month ago. The arms market is booming.

The reason is nothing proved, nothing certain. It's just a feeling spreading through the Arab world that Iran is going to win its war with Iraq and that a purely military victory is in sight by the end of the year. A sudden end for President Saddam Hussein — what recent Iraqi leader has died a natural death? — would hasten the victory.

Victory would mean not simply the triumph of Iran over Iraq. Victory would release a tide of Islamic fundamentalism as practiced by Iran's Shiite leaders on a vulnerable Arab world and upon Islam's chief enemy, Israel.

Before we examine the consequences of an Iranian victory, we must understand why so many Western and Middle East experts on the war, now in its seventh year, are becoming reluctantly convinced that the Iranians are going to win.

The testing ground was the three and one-half week Iranian offensive in the Basra area. The attackers took terrible losses — perhaps 15,000 to 17,500 dead. These were heavy but nowhere nearly as heavy as those in World War I, with which they were airily compared by some writers.

Two developments surprised military analysts in Tel Aviv, Cairo, London and Washington.

One was that Iraqi artillery superiority, in which Baghdad and its supporters had placed such trust, did not suffice to halt the Iranians despite their mounting casualties. The second was that the invaders, having gained ground at terrible cost, dug in, were reinforced and resumed the offensive the next day.

This was not the way the scenario was supposed to play. The Iranians, by neutral calculations, would be too shocked by artillery and mortars to do more than cower under new bombardments.

Nor did the highly trained Iraqi Army respond to the opportunities for counterattack provided by the tired invaders. Counterblows were struck. But only a few had the effect of delay-

ing the overall Iranian operation. When that resumed, the Iraqis found that their shells, again plunging into swamplands, had little impact on the invaders' inexorable advance.

The Iranians have a number of attractive options. They can maintain pressure in the Basra sector, eventually drawing reinforcements from other areas for the depleted Iraqi forces there. The latter, in making any troop transfers, will understand that they are outmanned — that a stronger defense at Basra may mean a weaker one for Baghdad or Kut. The Iranians can also continue their long-range missile bombardment of the Iraqi capital, hoping that this plus war-weariness will move leaders to depose Saddam Hussein.

Meanwhile, fears will mount in the rest of the Arab world. There are Shiite minorities in Kuwait and Saudi Arabia, two of the richest of the oil states. The United States and other North Atlantic Treaty Organization members must ask whether the governments in those two states could resist Shiite rebellions armed and directed by the fiery mullahs of Teheran.

The tiny states of the Persian Gulf are in even worse shape. For defense they must rely on Saudi Arabia or Oman. But what if those two comparatively strong countries have too much to handle at home in the form of Iranian attacks? The Omanis, with their well-trained forces and modern equipment, should be able to deal with anything less than a major invasion. Military analysts are not so certain about Saudi Arabia.

"They've tried to buy their way out of every scrape they've been in," a Western military man said recently. "And most of the time they've succeeded. But what happens when they try to do business with a lot of mad mullahs from Teheran who want to dump the royal family and proclaim an Islamic republic of Saudi Arabia? No room for brokerage, old man."

If and when the Iranians win, the tide will sweep further north. Syria, which alone of the Arab states has backed Iran, probably is safe. But not Jordan or Egypt and certainly not Israel, for to the Iranians the ultimate conflict in the Middle East is the holy war against Israel.

Beyond that, the West must contemplate a situation in which Islamic fundamentalism, triumphant on both shores of the Persian Gulf, decides to punish European infidels by closing the Strait of Hormuz to oil traffic. It would be an irrational thing to do, but we are not discussing rational people.

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By Kurt M. Campbell

What is Mikhail S. Gorbachev up to, and why is he inviting all those interesting people to Moscow? Much like Czar Peter the Great, Mr. Gorbachev is summoning Western intellectuals to his Kremlin court. Peter brought scores of European artisans, sages and shipbuilders to Russia in the late 1600's as part of a quest to "civilize" his backward land. Mr. Gorbachev, too, has invited an eclectic collection of artists, writers, scientists and futurists to hear their views across a wide range of subjects, from strategic defense to spiritual malaise.

Yet while the ruling Romanovs were genuinely attracted to Western ideas and customs, as a group Soviet leaders before General Secretary Gorbachev have been deeply xenophobic and suspicious of foreign influences. Mr. Gorbachev has chosen to break with this clandestine tradition, leaving himself considerable time in recent months for discussions with a diverse group of visitors, including Alvin Toffler, James Baldwin, Gary Hart and Peter Ustinov.

To top it off, the Soviet Union has invited several hundred prominent Americans from academia, business, politics and entertainment to attend a high-visibility conference in Moscow from Feb. 14 through 16. The Council on Foreign Relations has sent a group of former statesmen, including Henry A. Kissinger and Cyrus R. Vance, to engage Mr. Gorbachev on issues of arms control. However, the guest list also includes unlikely participants such as the rock singer John Denver. (During Mr. Denver's last visit to the

Kurt M. Campbell is a fellow at the Center for Science and International Affairs at the Kennedy School of Government, Harvard University.

Soviet Union, an overzealous Russian interpreter translated his song "Rocky Mountain High" as "Drunk in the Mountains.")

Since there is virtually no precedent in the Communist world for this sort of cultivation of the Western intelligentsia, what accounts for Mr. Gorbachev's opening toward Western elites?

Before the bloom went off the flower of the Cuban Revolution, Fidel Castro entertained poets and revolutionary pirates from throughout Latin America (he met the writer Gabriel Garcia Marquez during this period and reportedly struck up a friendship by swapping fish recipes). However, as Cuba slipped further into the Soviet orbit, Mr. Castro lost his tolerance for debate with foreign bourgeois elites. Perhaps the only modern equivalent of Mr. Gorbachev's meeting with highbrow interlocutors was President John F. Kennedy's desire to surround himself with intellectuals, both socially and in Government.

There are several possible motives at work. First, Mr. Gorbachev may well have given up on the idea of conducting diplomacy through official channels because of an "anti-Soviet clique" in the United States Govern-

The motives deserve praise, but make no mistake: propaganda is one of them.

Like the Czar, he has summoned Western intellectuals to 'court' at the Kremlin.

ment, fastening instead on the idea of establishing alternative lines of communication to the White House through respected and renowned intermediaries. Mr. Gorbachev's current strategy of fostering high-level, unofficial contacts with Westerners complements the longstanding Soviet campaign to reach American grassroots organizations.

There is obviously, too, an element of old-fashioned public relations in all this, arising perhaps from the hope that a steady stream of visitors will give legitimacy to a historically insecure Soviet leadership. Indeed, the willingness to grant important foreign visitors an audience with Mr. Gorbachev appears to have at least reinforced Western impressions of Mr. Gorbachev as a forceful and dynamic leader. Mr. Toffler remarked after his meeting with the Soviet leader: "Gorbachev was witty, amiable, quick, at home with intellectual thrust and parry. Behind his charm stood an impressive, vital figure, accustomed to command." Like Mr. Kennedy's ruminations with intellectuals over cups of clam chowder at Cape Cod, Mr. Gorbachev's musings with Western elites (replete with the bowls of beetroot borscht) have won him admiring and sympathetic reviews.

Furthermore, in his zeal to revitalize Soviet society, Mr. Gorbachev has looked to the West for new ideas and inspiration. He has demonstrated a certain impatience and dissatisfaction with the advice he has received from underlings. Indeed, many bureaucrats laboring within the Stalinist state machinery have failed to meet Mr. Gorbachev's urgent demands for "new thinking." It is hoped that Mr. Gorbachev's brainstorming with the West's best minds will help to percolate creative new ideas from the top of the bureaucracy downward. For instance, senior Soviet planners recently met with the American designers of a popular motivation seminar. The Russians are apparently intent on applying these same techniques to boost worker productivity in their inefficient factories.

Yet while some of Mr. Gorbachev's motives are commendable and worthy of encouragement, there is an unmistakable undercurrent of propaganda to this courtship of foreign intellectuals. The Soviet Union has no doubt designed the upcoming conference involving several hundred American visitors to highlight the wonders of "glasnost" — openness — hoping in part to make some inroads into American public opinion. In this regard, we in the West should strive to keep Mr. Gorbachev's initiatives in perspective. The pilgrimage of intellectuals to the Kremlin is a new wrinkle, but it is a far cry from a wholesale opening up of Soviet society.

The exodus by these foreign "shishki" — Russian slang for "big shots" — to Moscow has yet to touch the lives of everyday Soviet citizens. Indeed, contact with foreign elites is still reserved for very senior Soviet officials.

Peter the Great's contact with foreign intellectuals helped inspire his program of social, economic and military reforms. It's much too early to tell whether Mr. Gorbachev's fledgling contacts with elite foreigners will have an enduring impact on Soviet society at large.

## The Outside View of Inside Trading



By Ronald J. Gilson

THE prosecution of prominent individuals trading on inside information, and the imposition of the largest fines in the history of the Securities and Exchange Commission, dominated the financial news in late 1986. This year promises to be no different: even now, Wall Street is nervously awaiting the next round of indictments.

The general view that the bad guys are finally getting caught has been met, however, with a surprising counterpoint — the resurgence of the idea, originally conceived and now again urged by conservative economists, that insider trading is a beneficial practice that should be legalized rather than proscribed.

The most puzzling thing about this position is not the argument itself, although it is certainly surprising. Rather, it is that conservatives would make it at all. For if the public takes the argument seriously, it may well undermine the very thing conservatives care most about.

A central conservative tenet is that goods and services are better distributed by the market than by the Government. Wealth acquired through success in the market is legitimate; wealth acquired through success in dealing with the Federal Government is not.

No surprises yet. But here is a surprise. The American people agree! In a recent article, the political scientist Robert E. Lane reviewed a large body of public opinion surveys con-

cerning attitudes toward the market and the Government. He reported — indeed, almost lamented — that "Americans tend to prefer market methods to political methods." The Federal Government was seen as favoring "a few big interests" while the free-enterprise system gave "everyone a chance." In this country, Mr. Lane tells us, "the market is regarded as 'fair and wise' and political practices, at least, are regarded as neither."

For conservatives, this should be wondrous news: in numbers large enough to transcend political party preference, Americans are committed to the market system.

But Mr. Lane reports another dimension to the public opinion surveys — one that should make conservatives think twice before arguing that insider trading is a bad idea, that prohibiting it would be just another example of muddleheaded economic regulation.

For the surveys also show that Americans' commitment to the mar-

Arguments for incentives and information efficiency don't carry much weight.

Some conservatives see value in it, but they are out of tune with public thinking.

ket is based not on efficiency but on fairness.

In 1984, for example, more than 85 percent of the public agreed that "America has an open society" and that "what one achieves in life no longer depends on one's family background, but on the abilities one has and the education one acquires."

Unlike Government regulation and transfer programs, the market is thought to give people what they really deserve: hard work is rewarded and we all have the same opportunity to make it.

In short, the breadth of political support for the market rests on perceptions of fairness, not efficiency. The market is attractive because, unlike Government, it rewards what you do, not whom you know.

It doesn't require a Gallup Poll to see that insider trading turns this relationship on its head. Market wealth then comes from whom you know, not hard work. A gain in efficiency may result, although I doubt it. But the cost is the weakening of the

perceptions of fairness that provide the political underpinnings of public support for the market system.

Raising the matter of fairness does not leave advocates of insider trading speechless. They reply that fairness means only that public investors get the odds they expected. As long as public investors know insiders can trade, they argue, the returns from owning stocks will increase to reflect that fact, and no one is cheated.

But that is not what the public means by fairness. In the public mind, fairness is equated with access. From this perspective, what is unfair about insider trading is that it is a game that only some can play, and participation is not based on merit. However attractive the mechanical conception of fairness offered by insider trading advocates, the public does not share it. And the risk of pursuing deregulation of insider trading is that public support for market solutions may be lost in situations where something really important is at stake.

The notion that insider trading is really good for us is based on problematic arguments about incentives and information efficiency. These arguments are debatable on technical grounds and they disregard intermediate solutions that may be preferable to either complete prohibition or no prohibition at all. But that is not my point. Even if the economic arguments for insider trading turned out to be right, the possibility of a slightly more efficient market is simply not worth striking at the heart of why Americans prefer a market economy to a centralized economy. Economists are fond of cost-benefit analysis. In this case, the game is just not worth the candle.

Drew Middleton, who retired as military correspondent of the New York Times in 1984, recently returned from a trip to the Middle East.







# Aramaic Jews: A special identity

By EDWARD GROSSMAN

A SCIENTIFIC article on a disappearing Jewish community, which was set to appear in the official Soviet periodical *Ethnographic Almanac*, now seems to stand little chance of publication. *The Jerusalem Post* has learned.

The article on the Aramaic Jews — also known, perhaps pejoratively, as the Lakhluks — was written by two Jewish ethnographers in Moscow, who for the time being prefer to be identified simply as "M" and "I." Their work was based on information provided them before his departure for Israel about a year ago by Mark Drachinsky. A teacher, Drachinsky had a grandparent of Lakhluks origin.

The Aramaic or Lakhluks do not form a separate ethnic group but were, until relatively recently, a part of the Jewish community of Turkish Kurdistan and Iranian Azerbaijan. Like the Kurdistan Jews, they stem from the Babylonian exile and their language, on the verge of dying out is Neo-Assyrian, a dialect of Aramaic.

The Aramaic Jews began to acquire their special identity in the mid-19th century, when some moved into areas of the Russian empire, especially Georgia — the term Lakhluks was possibly stuck on the newcomers at that time by Georgian Jews. Most of the community, however, stayed until early in this century on the Turkish and Iranian side of the border, in villages shared with Assyrian Christians.

The large-scale emigration of these Jews took place during and just after World War I. They fled the areas where they had lived for almost 2,500 years as the Ottoman empire collapsed, and both Jewish and Christian Aramaic-speakers became the target of Turkish army and then Kurdish Moslem assaults.

A few Lakhluks made their way to Palestine. Most took shelter closer by in the Caucasus, especially Georgia where some of their own had preceded them, and Armenia. The Turkish and Iranian borders with Russia remained porous during the October Revolution and the civil war, and Soviet authority was slow to be established in the mountainous and traditionally rebellious region between the Black and Caspian Seas.

THE Lakhluks refugees settled mainly in Tbilisi, assimilating culturally and socially to the Georgian Jews, according to Drachinsky. However, they were denied Soviet citizenship and were counted for some 50 years as resident aliens. Stalin in 1951 ordered their roundup by the NKVD and expulsion to Iran — this at a time when other groups, such as the Tatars of the Crimea, were the victim of mass deportation to Central Asia.

When Iran refused to take in the Lakhluks, those who survived the trek were allowed to proceed to Alma Ata, capital of Soviet Kazakhstan. Most returned to Tbilisi after Stalin's death.

The Lakhluks, now Soviet citizens listed as of Jewish nationality, may no longer be said to form a distinct community. Their own, small synagogue in Tbilisi is disused, and they share the Sephardi synagogue. Some of the older people in the Maidan neighbourhood of town continue to speak Neo-Assyrian. The younger people favour Russian and Georgian, and are hardly acquainted with the old language, which is particularly perishable since it possesses no literature.

Estimates of the total number of Lakhluks in the Soviet Union range from a few hundred to 2,000. Drachinsky says that when "M" and "I" submitted their manuscript, it was entitled "A Little-Known Jewish Community." The editors of *Ethnographic Almanac* accepted it, only deleting the reference in the title to Jews. The reason for the long delay in publication is unclear.

Not long ago Drachinsky got a letter from "M" and "I," who had gone to Alma Ata seeking Lakhluks. The researchers report that the Aramaic Jews in Central Asia are losing their language and historical memory even faster than those in Tbilisi.

The disappearance of the Lakhluks is not the result of any anti-Semitic policy but is akin to the disappearance of many other sub-groups in the Soviet Union and elsewhere. The fate of the people once known to themselves as Aramaic Jews will, however, continue to be bound up with that of other Jews.

## UJA film focuses on Ida

Zion's Captives, an eight-minute UJA videotape on the plight of Soviet Jews, focusing on longtime refusenik Ida Nudel, has just been completed by the UJA.

The production includes excerpts from an "underground film" of Nudel's life in Siberian exile and a moving interview with her there; remarks by Natan Sharansky; and part of a phone call between Nudel and her sister in Israel.

The video is being screened in Israel at the UJA Information Centre, Rehov Ibn Gvirol 1, Rehavia, Jerusalem: Sunday-Thursday, 3:00-7:00 p.m.

The Soviet Jewry page, which appears fortnightly, is edited by Louis Rapoport.



## When my father will arrive

By VIVIANNE LEVY

Twenty paintings by Vera Gutkina, a Russian artist who has been living in Israel since 1982, are to be exhibited in London next month in the hope of drawing attention to the plight of her father, retired physics professor Abram Gutkin, a refusenik in Moscow.

Her publicity campaign comes after a year of waiting for her father's health to improve. Last year, after his 10th and latest application to leave the Soviet Union, he suffered a heart attack and was hospitalized. He asked her to do nothing as he feared a renewed surge of hope and disappointment would aggravate his condition.

Now Vera and her husband, Abrasha Rachkovsky have made appeals to international human rights organizations, the Israel Public Council for Soviet Jewry and the South Florida Conference on Soviet Jewry.

Abram Gutkin, 70, taught physics for 35 years at the Moscow Institute of Energy. He is a graduate of Moscow State University and a decorated veteran of World War II. He first applied for an exit visa in 1982 but was turned down on the grounds that he, or close family, had been involved in "secret" work. Recent refusals have given no reason.

Though he was involved in research during his career, says Vera, he was never involved in what could be considered "secret or sensitive" work.

After Vera Gutkina's paintings are shown at the new Martin Braun Gallery in London, they will be exhibited in Norway, Holland and other European countries.

## Defiant Odessa family



(From left to right) Yehudit, Mark and Hannah Nepomniashchy with Ida Nudel (Israel Public Council for Soviet Jewry)

Eighty years ago, the city of Odessa was a centre of Jewish intellectual and political life. Every Jewish movement flourished there, including Zionism. Indeed, it was from the port of Odessa that tens of thousands of Russian Jews set sail for Palestine, in the three decades before the Russian revolution of November 1917.

Forty-five years after that revolution, a Jewish girl, Yehudit Nepomniashchy, was born in Odessa. Her father Mark worked as an electrical engineer, and her mother Hannah as a construction engineer. Their dream was to live in Israel, but in 1979 their application to leave was refused.

Following their first refusal, the Nepomniashchy family did not sit in silent quiescence. Instead, they set themselves the task of studying Jewish history, culture and religion. Far from the centres of Jewish renaissance in Moscow and Leningrad, they made persistent efforts to become real Jews, and to tell others about their quest. Yehudit taught herself Hebrew, studied Hebrew literature, and then taught Hebrew to others. "The young men who came to study," Hannah Nepomniashchy wrote to a friend in the West, "also sang our Jewish songs, songs in Hebrew, the songs of our country, Israel."

In May 1983 Yehudit Nepomniashchy was accused in the local Odessa newspaper, *Communist Banner*, of "dealing in Zionist propaganda." The article added: "It is known that she invites young people to her flat in order to spread Zionist propaganda." Not Zionist propaganda, however, but the strong spirit of Judaism, was and remains Yehudit's unique contribution to her friends in Odessa. In April 1983 a British Jew visiting Odessa, was struck by what he described as her "incredible strength of character." Asked when she and her family had last applied for an exit visa, she replied: "We don't bother to ask for permission to leave. Why should I go crawling on my hands and knees to the authorities? I'm a proud Jew. Why should I go crawling to them? They know we want to go."

In 1984 a member of this Odessa group, Shai Gisser, was allowed to leave for Israel. The others redoubled their efforts to be allowed to follow him. That June, Mark Nepomniashchy was one of 110 Soviet Jews who signed a letter to President Mitterrand of France, urging recognition of their right to leave the Soviet Union. He was also

## Martin Gilbert

one of 34 signatories of a telegram to the president of the State of Israel seeking his help, and that of the *Knesset*, in the struggle to emigrate.

These appeals were in vain. Meanwhile, the Nepomniashchy family continued their efforts to learn Hebrew, and to teach it. Among Yehudit's pupils was Yakov Levin, a watch repairer. In 1984 he was 25 years old and she 22. He, too, was a refusenik. They studied together, fell in love, and made plans to marry. Seven days before the date of their wedding, Yakov Levin's apartment was searched, and Hebrew textbooks and postcards of Jerusalem taken away. Later that same day, Levin was arrested.

At his trial, which began on 15 November 1984 and lasted for three days, Levin was charged with "dissemination of anti-Soviet propaganda." He was sentenced to three years in labour camp. Less than three months later, on 4 February 1985, Yehudit's father Mark was charged with "defaming the Soviet state" and sentenced to three years in labour camp. He was 53 years old.

The despatch of Yakov Levin and Mark Nepomniashchy to labour camp was a cruel blow to that small Jewish circle in Odessa which was struggling to preserve its Jewishness, and which had set its sights upon a life in Israel. But hope is not so easily crushed. On 7 June 1985, in a labour camp in the Ukraine, Yakov and Yehudit were married according to Jewish custom, just as Natan and Avital Sharansky had been married according to Jewish custom more than a decade earlier, in Moscow. Natan and Avital are now in Jerusalem, proud parents of a daughter born in Israel. We can only hope, and by our own actions try to ensure, that Yakov and Yehudit may one day share a celebratory meal with the Sharanskys.

Yehudit's husband and her father should both be released from labour camp by February 1988, a year from now. Let us urge the Soviet authorities to turn that month into one of joy for every member of the Nepomniashchy and Levin families. Meanwhile, the latest news from Odessa is disturbing. Mark Nepomniashchy has been put in a punishment block with hardened criminals. "I am desperately worried for my father," Yehudit pleads, and urges: "Please do something for him."

Compiled by Enid Wurman from reports received by the Israel Public Council for Soviet Jewry, the Soviet Jewry Education and Information Centre (Jerusalem), Israel Action, the London newsletter "Jews in the USSR," the Long Island Committee for Soviet Jewry, Chicago Action for Soviet Jewry, Union of Councils for Soviet Jewry (U.S.), 35's Women's Campaign for Soviet Jewry (London) and other sources. The dates indicate when the reports were received.

**JANUARY 23**  
Irina and Victor Brailovsky, Larissa Bogoraz Marchenko, Alexander Lerner, Yuli Kosharovsky, Lev Ovsischer, Vladimir Slepak, Abe Stolar, Mikhail Shipov, Tanya Edelstein, Anna Lifshitz, Igor Gurevich, and many other activists in the USSR sent an appeal to Mikhail Gorbachev in behalf of Yosef Begun. "We wish to draw your attention to Yosef Begun's tragic fate. Yosef is held in Chistopol Prison, the same prison where [dissident] Anatoly Marchenko died only a short time ago."

In accordance with Article 701 of the RSFSR Criminal Code, Yosef Begun was convicted for disseminating the Hebrew language, and introducing Jews to their national heritage. None of his close relatives has seen him in 18 months. He has been continuously deprived of the right to be visited by his relatives and has received a series of consecutive punishment terms served in an isolation cell for having failed to fulfill his work quota.

On January 12, 1987 the prison administration informed his wife that he will again be deprived of a meeting with her in February.

While Soviet society is seemingly undergoing profound changes, this situation strangely contradicts the emergence of "a constructive approach to solving painful problems — including humanitarian issues and human rights."

"We have a tragic situation: Men like Yosef Begun, who are socially active and real fighters for justice, continue to languish in prison at the very same time when society has embarked on a new path."

"Yosef Begun cannot be considered an opponent of the Soviet system. In his letters from prison he welcomed the positive changes now developing in the country..."

"We have learned that a number of positive steps have been taken recently in relation to several political prisoners. Unfortunately, no such steps have been taken in relation to Yosef Begun even though he suffers from cardiac problems..."

"We have seen only a short time ago that disregard for human life can lead to tragic consequences. We appeal for the release of Yosef Begun."

Inna Begun forwarded this letter to V.G. Adamashev, one chief editor of the Pravda newspaper.

**JANUARY 24**  
The Deputy Head of Ovir of the

## NEWS CALENDAR

### No Glasnost for Begun

Moldavian Republic came to Bendery and spoke to former Prisoner of Zion Ida Nudel and told her that she can re-apply for an exit visa — and may receive a reply in a month — or a year.

The Supreme Court of the Georgian Republic informed Prisoner of Zion Alexei Magarik's family in Moscow that there are no grounds for reconsidering his verdict. Arrested on March 14, 1986, Alexei, a cellist and Hebrew teacher, was falsely charged and sentenced to the maximum three year sentence in a labour camp for "possession and dissemination of drugs." The drugs were planted in his luggage in Tbilisi as he was about to board an airplane home to Moscow. In the camp, Alexei must wear a badge designating him as an especially dangerous criminal. He recently spent another 14 days in a punishment cell in isolation.

Former Prisoners of Zion Alexander Kholmiansky, Boris Chernobilsky, Vladimir Kislik, Alexander Yakir and Vladimir Slepak sent an appeal on behalf of Magarik to the Politburo of the CCCP. They expressed great concern for "the repressions and acts of shameful arbitrariness" to which Alexei has been subjected. They described the cruel beatings, and punitive periods in the punishment cell. Apparently special exercises were ordered by the camp administration.

"All the prisoners in the punishment ward were forced outside into the cold by guards using truncheons where they were beaten and had dogs set against them," the statement said.

Following Natasha Magarik's and the former Prisoner of Zion's appeals and complaints to Soviet officials, the commandant of the Omsk Labour camp where Alexei Magarik is incarcerated, Colonel Plotnitsky has been dismissed together with the Regional Procurator. The notorious secret unit 16 for incorrigible inmates, where Alexei was initially housed and was badly beaten, has been disbanded.

Alexander Ioffe ended his 19-day hunger strike today. During the course of his hunger strike he sent an appeal to Guri Ivanovich Marchuk, the president of the Academy of Science, in which he wrote: "...I am holding a hunger strike to protest Ovir's [the emigration office] refusal to give my son Dmitri and his family permission to leave for Israel...The 10 years that I have spent waiting for permission to leave have produced considerable and irreparable damage to my professional qualifications."

Dr. Ioffe's appeal was mirrored by strong protests by scientists in Israel and around the world.



Yosef Begun

**JANUARY 28**

Following a two day journey from the closed city of Gorky to sub-freezing conditions (-60 degrees) in Lensk in the Yakutsk region, Mila Volvovskaya had a three-hour visit with her husband Leonid (Ari), a Prisoner of Zion serving a three-year sentence on charges of "anti-Soviet slander."

Concerned about his health, Mila noted in her conversation with the town of Efrat which has adopted Ari, that he is suffering from rheumatoid arthritis and that the joints of his fingers are so swollen that his hands are unrecognizable. Despite the intense pain, he continues to fulfill the corrective labour camp requisites, sewing mattresses 12 hours a day. The doctors at the camp do not have the proper medication to alleviate his pain. Mila was permitted to bring Ari a 5 kg. package of food and warm clothing.

Mila is isolated in the closed city of Gorky, where she lives with her 18-year-old daughter Kira. The Volvovskys have been forced to live in Gorky since 1980, when they were banned from living in Moscow. The Volvovskys welcome correspondence from abroad: USSR: RSFSR: GORKY 603081; KRILOVA 14-A, Apt. 115; VOLVOVSKY, LUDMILA

**JANUARY 28**  
Soviet emigration officials in Odessa suggested to Hanna and Yehudit Nepomniashchy, wives of Prisoners of Zion Mark Nepomniashchy and Yakov Levin, that they submit their documents for emigration — but without their husbands. They were told, that they would deal with their husbands upon their release. Ovir strongly recommended that it would be wise for them to submit their applications when there was a real chance that they would be granted exit visas. They declined, as they have no intention of leaving the Soviet Union without their husbands.

In Odessa, Jewish activist Valery Pevsner was called to the KGB and given a final, serious warning. He was told not to meet with foreign tourists. Subsequently, he was also told to resubmit his emigration documents to Ovir.

**JANUARY 31**  
Nine wives of Prisoners of Zion — including Inna Begun, Ludmila Volvovskaya, Tatyana Edelstein, Galina Zelchenok, Anna Lifshitz, Natasha Ratner Magarik, Yehudit Nepomniashchy Levin, Evgenia (Hanna) Nepomniashchy and Fanya Bereashteyn, sent an appeal today to the chairman of the Supreme Court; the Procurator General; and the administrative section of the CCCP regarding new measures to improve the juridical system.

"We wish to draw your attention to the cases of our husbands who haven't committed any crimes and have been arrested only for their devotion to Jewish culture and their national traditions, and to the Hebrew language; and for their desire to live in their ancestral homeland. The charges against them were fabricated, and our husbands are in prison. Their health is suffering, and their situation is tragic. We demand the immediate reconsideration of their cases and their rehabilitation. If this does not happen — we will resort to more decisive actions."

**FEBRUARY 3**  
Vladimir Lifshitz, 45, a Prisoner of Zion serving a three-year sentence on charges of anti-Soviet slander, was visited by a local official of the State Board of Corrective Labour Institutions of the Ministry of Interior who warned him that if "his wife's stream of complaints do not cease, then he will suffer the consequences."

On January 25 Anna Lifshitz visited her husband at his labour camp in distant Kamchatka. Vladimir had recently been taken to the local procurator and punished for breaking two regime regulations: the towel at the end of his bed was hanging rather than being folded (though it was immediately after his bath); and the pillow on his bed had not been centred.

Although one-third of his term was over — and in accordance with the law he could be transferred to compulsory work — Vladimir was told he must continue to serve his sentence at the labour camp.

Prisoner of Zion Josef Bereashteyn's wife and daughter, Fanya and Yanna, have appealed to physicians in the West "with the request to help us in our efforts to bring about the release of our husband and father, a very sick man who has been imprisoned for more than two years."

In January, Judith Ratner Bialy, a refusenik since 1977, went to Ovir to apply for a visitor's visa in order to visit her father's grave in Israel (a legitimate reason stipulated in the newly amended regulations) but she was told that she couldn't apply because the USSR has no diplomatic relations with Israel.

Emigration statistics: 98 Soviet Jews left the Soviet Union in the month of January.

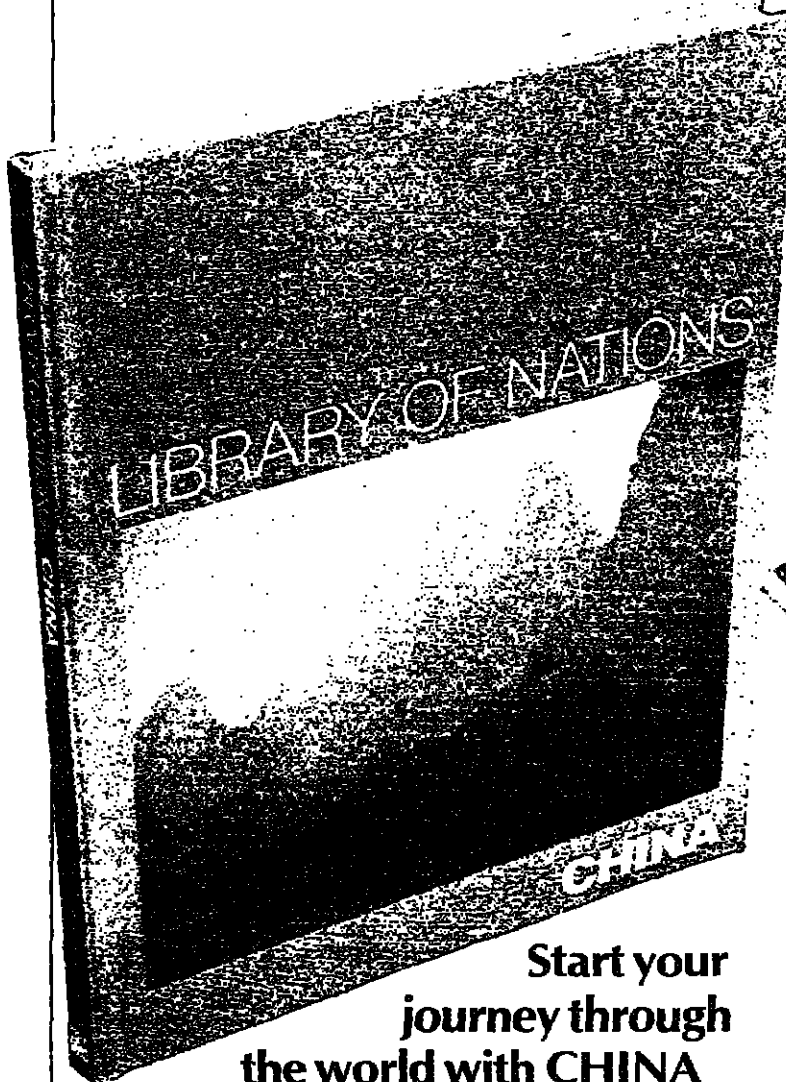
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## A first-ever meeting

ELDERLY PEOPLE are the fastest-growing sector of the population in most western countries. With more and more people living into their eighties and even nineties, social planners are having to take this group into serious consideration.

Toward that goal, Jerusalem is this week the host of the First International Conference on Housing and Services for the Aging. The conference which continues through Thursday, is being held at the city's Laromne Hotel.

"This is the first time an event of this kind is taking place," says conference spokesman Amir Shacham, adding that it has drawn experts from all over the world including some of the leading names in gerontology and planning for the elderly, as well as psychologists, social workers, physicians and architects, who will consider the physical as well as emotional aspects of the aging process.

Head of the conference is Dr. Kalman Mann, former director-general of the Hadassah Medical Organization; and Minister of



Labour and Social Affairs Moshe Katzav is its honorary chairman.

Dr. Paul Lawton, research director of the well-known Philadelphia Geriatric Centre, opened the conference on Monday with remarks on the subject of "New Frontiers in Residential and Environmental Plan-

ning for the Elderly." Other topics on the agenda are:

- defining a social and demographic profile of the elderly, circa 2000;
- determining the influence of medical and social sciences on the elderly;

• society's obligation regarding the planning of housing for the elderly.

The event features field trips, workshops, lectures and discussions. The public is invited to attend.

CAROL GREEN

## Day care, good care

Leah Abramowitz visits centres which cater to the physically- and mentally-impaired elderly.

scribed treatment for the families of the demented aged.

Also on the agenda was a stroll around the Pardes Katzes premises.

THIS Bnei Brak centre, with access to hospital facilities across the street, began 10 years ago to accept elderly people to its daytime programmes. Today, 40 men and women participate daily in music therapy, physiotherapy, handicrafts, supervised outings and other social activities there. Most are between the ages of 75 and 85. Some arrive at the centre via taxi or volunteer transport services; others come by bus or are taken by family members. Hot meals are served on the premises.

Nearly one half of the men and women at Pardes Katzes suffer from dementia, displaying varying degrees of forgetfulness and disorientation. The centre's staff, its director explained to those attending the seminar, tries to help them deal with their increasingly incomprehensible world.

A second group of programme participants are physically handicapped, some recovering from hospital-

ization and reaching out for a supportive framework in which to return to their former lifestyles.

A third category of patients at Pardes Katzes, and other centres like it, is the depressed elderly who are often grappling with the death of a spouse or close friend and barely have the desire to get up in the morning. The work of the staff in such cases is — as one social worker described it — "to give them motivation and a new lease on life."

Finally there are those persons who are recommended to the centre because of conflicts in their families, not because of any particular handicap. Family caretakers — whether spouses, children or grandchildren — are given a much-needed respite from their duties while these elderly people attend programmes at day-care centres.

After observing activities at the centre, the seminar participants then made their way to another day-care facility in Bnei Brak where, according to director Benny Lipsky, "the men and women are healthier, somewhat younger and more active than those at Pardes Katzes," and the

programmes offered are thus less therapeutic in nature.

Like Pardes Katzes, this centre — which, because of its religious nature, caters to elderly men and women in separate wings — was well-furnished and decorated with the handiwork of programme participants.

ONE IMPORTANT aspect of the day-care centres for the country's mentally- or physically-impaired elderly is the service they provide for children and spouses of the participants. Through support groups and individual meetings with social workers, these family members are instructed in caring for their loved ones and are encouraged in their efforts.

In Bnei Brak as elsewhere, the day-care centre staff keeps close tabs on each participant's progress and suggests an individualized treatment plan within the larger group therapy framework. Doctors, nurses, social workers, therapists and administrators alike are usually involved in reviewing each case.

While many difficult issues have yet to be resolved — when staff should suggest institutionalization, when one participant's needs should take precedence over the group's, how to improve family counselling — Pardes Katzes and other day-care centres have gone a long way in making life bearable for thousands of elderly persons around the country.

OUR COUNTRY'S active elderly have a myriad of day-time activities to choose from, whether offered by women's or pensioners' organizations or other social groups. But what about the mentally- or physically-impaired who cannot take part in such programmes and are relegated to a boring and often isolated existence?

In the last few years, a number of day-care centres have been established to care for such people, brightening their lives with social contact and involving them in rehabilitative and therapeutic activities. The staff are usually well-trained in coping with the physically or mentally handicapped. The activities take place in pleasant, non-hospital settings and not at old age homes which may remind the participants that institutionalization is lurking on the horizon.

The staff of nine such special centres from all parts of the country — Jerusalem, Haifa, Tel Aviv and its environs, and Safad — recently held a seminar to discuss common problems. They met at the Pardes Katzes Rehabilitation Day-Care Centre in Bnei Brak, and focused on the needs of the families of the mentally-impaired elderly.

Sara Gat, director of services for the elderly in Bnei Brak, opened the event with a discussion of programmes; and several social workers de-

SELF-SUFFICIENCY is the watchword at Nofim, a multiple-storey apartment complex located in the western part of Jerusalem with a breath-taking view of the Judean Hills.

Sponsored by the Association of Americans and Canadians in Israel (AACI), Nofim represents a whole new concept in communal housing for its elderly residents, the first of whom moved in exactly three years ago this month.

AACI leaders and others involved in the planning of the project toured the world, consulting with

## Golden-age luxury

Leah Abramowitz

architects, engineers and gerontologists alike to devise the optimal scheme for the deluxe housing complex. Technical and financial difficulties hindered progress, but when it opened, Nofim offered its 180 residents a wonderful — and unique home, in which to spend their golden years.

Perhaps the most unusual feature of the housing project is its administration: Nofim is owned and operated by the residents themselves, each couple or individual becoming a partner in the enterprise.

Instead of paying a membership or entrance fee, the senior citizens invest in the (non-profit) company — a sum ranging between \$80,000-\$130,000, depending on the size of the apartment. This sum is linked to the dollar and is refundable in case of death or if the person moves out. The residents also hire the nine staff members who work at Nofim, including the director.

Through their work on seven committees, Nofim residents determine all aspects of life in their home. Ernst Vegh, a veteran resident and head of Nofim's present council, points to another unique feature of the home: its high intellectual and cultural level.

A membership committee screens all potential newcomers to determine suitability to the existing membership. Vegh explains. All candidates must be well enough to function independently.

The advantage of such housing, he says, is full privacy in a social setting. People know there are services available if assistance is needed. A nurse is always at hand. Elaborate security precautions have been taken to protect the residents, including special locks, emergency stairways, TV surveillance of the entrances and parking lot, fire prevention systems and an electrical generator in case of power shortage.

NOFIM'S residents live in small

apartments (1-2½ rooms), no two of which are the same. Some include porches with roof-top gardens. Each apartment's compact kitchenette has been built to order. Ample storage space is available and arrangements for safety and security are evident everywhere — doors that open outward in case a person falls; four intercoms placed strategically around the apartment; extra wide doorways to allow for wheelchairs; night lights; telephones sensitive enough to respond if dialling is incomplete; and bars in the bathroom by the toilet and tub.

Vegh points out that about half of the area of the building has been reserved for communal use. There is a spacious cultural activities room, a large entrance lobby and reception desk where members congregate, two commercial restaurants — meat and milk, and a mini-market.

In addition, there is a well-stocked library and a beautiful synagogue which attracts some worshippers from Nofim's neighbourhood.

A spirit of comradeship and cooperation pervades among Nofim residents, daily, particularly when they are ill.

In the next few months, according to Shraga, a sophisticated and well-staffed unit for the chronically ill is slated to open on the premises.

"We are currently looking for staff for the unit, which will accept 12 patients," he says. "We will give priority to Nofim residents but will also take others. In numbers, our staff will exceed those required by the Health Ministry."

"The unit is located on our most scenic floor, and will reflect the same high standards we have maintained elsewhere in Nofim."

Shraga adds that at present, three more apartments are available at the complex for those seeking a life of privacy and independence in an atmosphere of communal warmth.

"None of us," Vegh explains, "wanted to enter a standard old age home, a last-stop institution. We sought a residence where all our needs would be provided for."

FOR MOST people, a bee sting causes little more than redness on the skin and slight pain: for those who are sensitive to them, chocolate or strawberries may cause hives.

But for a few thousand Israelis, allergic reactions to insect stings, certain foods or other allergens are so acute that they may go into shock or even die.

A self-injected dose of epinephrine, an antidote to the allergens, is now imported into Israel. Called EpiPen (for adults) and EpiPen Jr. (for children), the device costs NIS 57.87 and should be carried at all times by people who know that they have severe allergic reactions to certain substances. It is manufactured by Ciba Laboratories in the U.S. and imported and distributed here by Tripharm.

It is believed that 100 Americans die each year from severe allergic reactions to insect bites. Scorpion or snake bites are also known to cause such reactions.

Until now, highly allergic persons carried ampoules that first had to be broken to fill a syringe. Then the air had to be removed from the syringe before the person could inject himself. The new product allows for immediate injection, and its needle is hidden, thus reducing some of the fear.

THE NATURAL sweetener in licorice is believed to combat the cavity-producing effects of sugar, according to researchers at the Hebrew University in Jerusalem.

Glycyrrhizin, which is 50 times sweeter than sugar and is one of a number of alternative sweeteners that have been proposed to replace common sugar, provides the pleasant, natural sweetness of licorice. (The characteristic, biting taste of licorice comes, however, from another compound.)

Prof. Ruth Segal of the department of natural products at the university's School of Pharmacy, and Prof. Michael Sela, Sara Pisanty and Itzhak Gedalia of the

# Family planning on the air

A recent study shows that the radio is a useful tool for disseminating information about sexual behaviour, Lea Levavi reports.

ONLY ABOUT one-quarter of Israeli school children get any sort of sex education in school, and more than 70 per cent of all adults — including those who consider themselves religiously "traditional" or observant — would like to hear radio programmes about family planning and sexual behaviour.

These statistics were presented at a recent meeting of the Israel Family Planning Association, which is seeking to convince government officials and Knesset members to implement compulsory sex education in the schools, and to improve family planning services.

Association executive director Ruth Landau denied that providing information about sex to youngsters would "whet their appetite."

She told the meeting that she had just returned from a visit to Sweden, Finland and Holland, where sex education is compulsory and abortions are freely — and legally — available. Statistics show that the abortion rate there is steadily declining, she said, and the age for beginning sexual intercourse is going up, not down; marriage and birth rates are also on the rise.

Kol Yisrael's director of documentary programming, Esther Barzell, talked about her doctoral dissertation at Hebrew University on the use of radio as a tool to disseminate information and advice on family planning.

Her findings were based on reactions to a series of 10-minute broadcasts called *It's Not a Children's Game*, which were on the radio during 1979-80 as part of a morning programme called *Here at Home*.

At the outset, she admitted, there was concern that some listeners — particularly those who were observant — would find the subject objectionable. But a preliminary audience survey was conducted, and it indicated overwhelming support for the series. Barzell reported that 50 per cent of listeners polled said they would use the information they heard on the air.

"I had thought that the 20 to 24 year-old age group would be the most interested but to my surprise, I found that the 25 to 39 year-olds expressed the most interest," she said.

"People have to become aware of their need for information before they can seek and use it and family life education in the schools could increase that awareness."

PROF. ZVI Palti, chief of gynecology at Hadassah Hospital on Mount Scopus and chairman of the Israel Family Planning Association, spoke about the triennial convention of the International Planned Parenthood Federation held recently in Tokyo, and offered some interesting statistics.

In Israel, where there are approximately 100,000 births a year, seven to nine mothers die annually from complications in pregnancy or childbirth. The figure is 12 in 100,000 in the U.S., and several hundred per hundred thousand (sometimes up to 1,000 deaths per 100,000 births) in the developing world. Eliminating unwanted pregnancies could save 200,000 women's lives annually worldwide, Palti said, and could also save five million children.

"The unwanted pregnancy is usually very close on the heels of a previous pregnancy," he explained. "When the new baby is born, the older baby is no longer nursed and since sufficient food may not be available, the older baby's life is often at risk."

"Mothers who die during pregnancy or childbirth may also leave behind other children who will be at risk without a mother to care for them," said Palti.

The Tokyo convention's participants came up with what they called "the four too's" of family planning: women should not have children too early (so as to prevent teenage pregnancies), too late (not over age 35 in those countries without health services to deal with the risks), too close (proper spacing of births is important) and they should not have too many (each family's economic and social situation should dictate the number of children).

AIDS WAS an important topic at the convention, Palti said, and the use of the condom was encouraged. Landau added that in the European countries she visited, young women are advised to use the pill if they don't want to become pregnant, and are also urged to have their partner use a condom.

About one-third of all fertility problems result from venereal disease, Landau noted.

"A country like Israel which wants children should provide sex education to avoid disease- and abortion-related fertility problems which stem from lack of proper information."

## A tasty Tu Bishvat ritual

Haim Shapiro

Bishvat seder usually also includes drinking four cups of wine. Often the first cup is white, with each cup becoming progressively darker, with the fourth cup a deep red. Interspersed are usually readings of Torah passages related to trees and their fruits.

Because Tu Bishvat falls on Shabbat this year, many such festive

meals will be held on Saturday night.

One, sponsored by the American Israel Health Food Store in Jerusalem, is to be held at Yeshurun Synagogue, with the proceeds going to the Lifeline for the Elderly. This event, in English, will be led by Rabbi David Walk of Yeshivat Hamivtar, with Rabbi Shalom Gold, dean of the Jerusalem College for Adults as the main speaker. Entertainment will be provided by fiddler Miles Krassen. Tickets are available at the American Israel Health Food Store, on 76 Jaffa Road in Jerusalem.

The Ascent Institute in Safad, the town in which the Tu Bishvat ritual was born, is also holding a seder (06-971-407). And other *sedarim* are to be held at Neot Kedumim, the Biblical Landscape reserve (08-233840), at Efrat (02-931543) and at Aish Shalom (02-931-770).

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## TABLE TENNIS

## Israel still waiting

By PAUL KOHN

TEL AVIV. — The Israel Table Tennis Association was last night still waiting to hear from New Delhi where the Israeli team to the world championships would obtain its entry visas to India.

In a telephone conversation initiated by Yosef Yehoshua, the secretary of the ITTA yesterday, the general secretary of the Organizing Committee of the World Championships in New Delhi informed him that he had as yet not received the necessary information from the Indian Government that he would be able to obtain visas to India.

"We are in a state of expectation and are awaiting word from India," Dr. Shlomo Kedar, President of the ITTA, said last night. "The latest that our team can leave for India is Saturday night in order to arrive in time for the championships," Kedar told me.

The Israeli players are currently in a training camp in Hungary and are expected back here tomorrow night.

## SQUASH

## El Amir plays Bodimeade

By JACK LEON

RA'ANANA. — Gamal El Amir, the No. 2 seed on Sunday night beat titleholder and No. 3 seed Mohamed Awad 3-2 in an enthralling mens semi final between the two Egyptian internationals at the fifth Sagram Sabra Israel Open Squash championships here.

Brussels based El Amir is currently 37th in the International Squash Professionals Association's world rankings, 9 places above Awad. Awad, former world top tennis recently took over the post of coach to the Italian national squad. Both players are ex Egyptian squash champions and continue to represent their country in international competition.

England's top seeded Martin Bodimeade defeated Dutch champion Rick Zandvoort, seeded fourth 3-0, in the other half of the draw.

Tournament manager was Marty Elshara.

## LATE RESULTS

Angela Smith's reign as four times champion in the women's event was finally brought to an end last night, when she was beaten by her English compatriot, Lucy Souter, who won a resounding 3-0 (9-4, 9-0, 9-6) victory. The tiny Souter, 1.6m. tall and weighing 50 kgs., was just that much lighter with her length than Smith.

On Sunday night, Smith, who a few years ago was ranked No. 2 in the world, beat Rebecca Best, the Irish champion in three straight games.

A capacity crowd of 350 were present last night, with many enthusiasts being locked out because of lack of space.

## SOCCER

## Cologne win

HAIFA. — F.C. Cologne beat Borussia Moenchengladbach 5-2 to take the \$40,000 first prize here last night.

Scorers for Cologne were, Paul Steiner, Armin Gratz, Klaus Allofs (2) and Morten Olsen.

Borussia replied with two goals through Christian Hostetter.

In an earlier match to decide third and fourth places, Maccabi Haifa beat Maccabi Tel Aviv 4-0.

## TENNIS

## The gentleman whips the lout

PHILADELPHIA (AP). — Fifth-seeded Tim Mayotte erased a bitter year-long memory as he upset the favored John McEnroe 3-6, 6-1, 6-3, 6-1 to win the \$465,000 U.S. Pro Indoor championships on Sunday.

Mayotte is known as "Gentleman Tim."

Mayotte, 26, earned \$67,500 by beating a struggling McEnroe for the first time in six confrontations.

Last year, Mayotte reached the final but had to default the title to Ivan Lendl because he pulled stomach muscles in his semi-final match.

Mayotte said he thought McEnroe was making fine progress in his comeback to tennis. But he observed that McEnroe didn't hit the ball as hard as he used to, and that he missed volleys and hit net cords.

"I feel he's a hair slower away from his best tennis," Mayotte said.

McEnroe gave full credit to Mayotte.

"He played a fantastic match. It might be the best he's ever played, he was all over me."

Perhaps the turning point of the match came in the sixth game of the third set. McEnroe won up 3-2 and had a break point when he hit what looked to be a perfect backhand passing shot down the line. McEnroe was so sure it was clean winner and he let out a triumphant cheer, but Mayotte lunged out with his racket fully extended and placed a perfect drop shot just over the net as his opponent watched in disbelief.

"It was an incredible get. When he won that game there was too much momentum to come back from."



VIRTUE REWARDED. — Mansdorf's avenger, Tim Mayotte.

said McEnroe. "I'm glad I got to the final and if you lose, you like to lose to a guy who is playing his best."

The doubles was won by Sergio Casal and Emilio Sanchez (5) of Spain, who beat Christ Steyn and Daniel Visser (6) of South Africa, 3-6, 6-1, 7-6 (7-4).

## MAC THE MOUTH

By WALTER RUBY

Jerusalem Post Correspondent

"You f... young guys with two years experience on the tour. You think you are hot shit. I suppose you want me to lick your ass too." That was the text of the jibe tossed by John McEnroe at Amos Mansdorf at a critical phase of their semi-final match on Saturday night as picked up by reporters at the courtside.

According to the reporters, McEnroe's angry outburst came during a changeover between games, in the second set shortly after his young Israeli opponent had protested a line call.

In Wichita, Kansas, top-seeded Barbara Potter beat Larin Savchenko of the Soviet Union to win the \$75,000 Virginia Slims women's tennis tournament 7-6 (6-4), 7-6 (7-5).

The match was as close as the score indicated and could have gone either way but for a couple of mistakes that seemed to rattle the second-seeded Savchenko.

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In his post-match press conference Mansdorf said his play had not been affected by McEnroe's outburst.

## LAWN BOWLS

## Bransky off to fine start

By DAVID HOROVITZ

Jerusalem Post Correspondent

LONDON. — Israel's representatives in the World Indoor Bowls Championships had mixed fortunes in their first round matches, with Cecil Bransky winning easily but Jeff Rabkin going down in straight "sets."

Bransky made a disastrous start to his best-of-three-sets match with England's Lee Shoobridge, played out in the early hours of Sunday morning, giving away a full-house on the first end. He fought back tenaciously to level at 4-4, and eventually took the first set 7-4.

Bransky settled quickly in the second set, opening up a swift 5-0 lead. But Shoobridge fought back to lead 6-5 before Bransky sealed a place in the last 16 by winning the set 7-6.

Rabkin fared less well, drawing three-times world indoor champion David Bryant in his opening match yesterday, and never troubling the pipe-puffing Englishman.

Bryant ran out a 7-1, 7-0 winner in the shortest game of the tournament so far, a mere nine ends.

Bransky faces Scotland's Ian Bruce tonight for a place in the quarter finals of the tournament, which is being played in Coatbridge, just outside Glasgow. This is Bruce's first championship, and Bransky is strongly fancied to win.

Other tournament favorites through to the second round are England's Tony Alcock and Scotland's Willie Woods.

The tournament — recognized as the premier event in indoor bowls — has a novel format. Instead of the customary 21 shots for victory the first round matches were decided by the best-of-three seven sets up to seven shots.

## ATHLETICS

## Budd's career threatened

JOHANNESBURG (AP). — World cross-country champion Zola Budd may never run competitively again because of leg and hip injuries, the Star newspaper reported here yesterday.

Interviewed in Johannesburg before she left for London, Budd said she had received treatment for her hamstring problem from two Bloemfontein doctors, but this had not helped. She is also suffering from a hip misalignment.

An unidentified member of Budd's family told the Star that the doctors "had actually told her that her career is over."

Budd said she would consult a doctor in West Germany for a second opinion and would not be able to defend her world cross-country title in Warsaw next month.

"I must find out, once and for all, what is going to happen with my athletic career," Budd said.

Budd represented Britain in the 3,000 metres final in the 1984 Los Angeles Olympics. During the race she collided with American Mary Decker-Slaney and knocked her out of the race, initiating a major argument.

Earlier this week a British doctor, Dr. Terry Moule, said he believed Budd's problem was not difficult to heal.

He said she had the classic middle-distance runner's fault, a forward tilt which has the effect of shortening the hamstrings, but the problem "is not irreparable."

## ICE HOCKEY

## NHL: Sunday

Penguins 2, Devils (OT); Nordiques 2, Bruins 1; Jets 3, Kings 1; Sabres 7, Blackhawks 4; Oilers 6, Blues 2; Maple Leafs 5, Rangers 4; Flames 3, Canucks 2.

Wales Conference				
W	L	T	Pts	GF
Wales	14	7	22	162
Cardiff	10	10	20	145
Rangers	10	8	20	116
Swansea	10	8	20	116
Cardiff	10	8	20	116
Cardiff	10	8	20	116
Cardiff	10	8	20	116
Cardiff	10	8	20	116

Adams Division				
W	L	T	Pts	GF
Wales	29	21	64	188
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181

Campbell Conference				
W	L	T	Pts	GF
Wales	29	21	64	188
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181

North Division				
W	L	T	Pts	GF
Wales	29	21	64	188
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181

Smythe Division				
W	L	T	Pts	GF
Wales	29	21	64	188
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181

Oilers				
W	L	T	Pts	GF
Wales	29	21	64	188
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181

Juniators				
W	L	T	Pts	GF
Wales	29	21	64	188
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181

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Cardiff	28	22	60	181
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Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181
Cardiff	28	22	60	181

## CAESAREA GOLF

In the individual stroke play tournament which took place on Friday, David Amos won the A Division with a 2-under-par 71 net, playing off a 10 handicap. Bill Katz (18) won the B Division with a 6 net.

The midweek seniors' monthly competition was won by David Katz with a 5-under-par net in the A Division, and Victor Nitch with a 6 net in the B Division.

Two members holed out in one last week: on Tuesday, Yigal Zelach on the 167m. 4th, and on Friday Laurie Beon on the 132m. 8th.

## FIGURE SKATING

SARAJEVO (AFP). — Larisa Selezneva and Oleg Maorov of the Soviet Union won the pairs title at the European Figure Skating Championships here last week but controversy marred their celebrations following the disqualification of world champions Katerina Gordeeva and Sergei Grinov.

Part way into their programme the championship judge decided to halt their performance for safety reasons when the elastic strap running from the heel on the pants under Grinov's right skating boot snapped.

## NBA

## West are tops

SEATTLE (AP). — Tom Chambers won Most Valuable Player honours on Sunday night with 34 points and Rolando Blackman hit two pressure free throws at the end of regulation time as the West beat the East 154-149 in the highest scoring All-Star game in National Basketball Association history.

Five minutes before the end the East were 12 points clear at 128-116 but the West came back and equaled at 140-140 in the last second when they scored in extra time.

Blackman had 29 points for the West, which had lost the previous three overtime games in the 37-year history of the game.

Blackman scored 19 points in overtime, including the opening basket that gave the West the lead to stay at 142-140. As the West won for only the second time in eight games, Chambers had four points in the overtime for the West, which still trails in the series 24-15.

The East's 154-145 overtime victory in 1984 at Denver was the previous highest scoring game. The West's 154 points tied the 1984 total for the most points by one team.

Blackman, who scored 18 points in the fourth quarter, hit two free throws with no time left in regulation to force the overtime.

## EASTERN CONFERENCE

## ATLANTIC DIVISION

New York	15	32	.319	19½
New Jersey	11	36	.234	23½

**CENTRAL DIVISION**

Atlanta	29	16	.644	—
Detroit	29	16	.644	—
Milwaukee	29	21	.580	2½
Chicago	22	23	.489	7
Indiana	21	25	.457	8½

## CENTRAL DIVISION

WESTERN CONFERENCE MIDWEST DIVISION				
	W	L	Pct.	GB
Dallas	30	16	.652	—
Utah	28	18	.609	2
Houston	24	22	.522	6
Denver	22	26	.458	8
San Antonio	18	29	.383	12½

## WESTERN CONFERENCE

## MIDWEST DIVISION

Portland	30	19	.612	6
Seattle	25	22	.532	10
Golden State	25	24	.510	11
Phoenix	23	28	.417	15½
Clippers	7	39	.152	27½

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# CRICKET

## PACIFIC DIVISION

## Broad wins coveted award

SYDNEY (Reuter). — England's Chris Broad won the coveted

## CRICKET

## Broad wins coveted award

SYDNEY (Reuter). — England opener Chris Broad, who hit three centuries in consecutive Ashes Tests, has sealed his outstanding tour of Australia by winning the International Cricketer of the Year award.

Broad will be handed the keys to an Alfa Romeo car today which he won ahead of his nearest rival, Australian batsman Dean Jones.

The prize was decided on performances in the five Ashes Tests, the four-nation limited overs competition in Perth and the current World Series Cup one-day tournament.

Broad said: "I drive a little Ford at home, but this prize is really something."



## Optrotech at age four Sales soar, but profits grounded

By SIMON LOUISSEON  
For The Jerusalem Post  
NESS-ZIONA. — Optrotech Ltd.'s sales graph tracks like a sky rocket, but profits have been a bit of a fizzle. The verdict is still out whether the bottom line is merely on a long fuse but 1987 will be an important year for the imaging-electronics company.

Sales for the first three quarters of 1986 were nearly \$20 million and are expected to reach \$20m. for the year. In 1983, the company's first operating year, sales were \$3m. The following year they topped \$10m., and in 1985 they doubled. Last year's 20 per cent increase is expected to be followed by a 25 per cent increase this year, bringing sales to an estimated \$33m.

However, net income which came to almost \$2m. in 1984, and \$2.6m. the next year, was a mere \$464,000 for the first nine months. The full year estimate is \$650,000 and average earnings per share are expected to slump from 50 cents in 1985 to 13 cents.

Why have profits failed to match the spectacular growth in sales?

Shlomo Barak, chief executive officer and founder of the company, puts it down to two reasons. Firstly, the general environment in which Optrotech operates saw an industry downturn that put many companies deeply in the red. Competition was more intense and prices had to be cut to make sales. The gross profit margin on sales fell to around 42 per cent, compared with 50 per cent in 1985 and 69 per cent in 1984.

Secondly, and more importantly, says Barak, the frozen exchange rate coupled with the rise in labour costs saw returns fixed to a declining dollar, while costs rose by over 20 per cent.

The recent 10 per cent devaluation of the shekel will help matters, but Barak expects the benefits to be eroded within months by inflation.

Barak still forecasts profit to increase substantially in 1987. He says the remarkable aspect of the 1986 performance was Optrotech's ability to increase sales, while most companies were slashing their capital spending because of the industry downturn. With the printed circuit board (PCB) industry forecast to pick up 10 per cent this year, Optrotech's sales prospects remain bright. Barak says his company feels stronger in the market and has recently increased its products' prices.

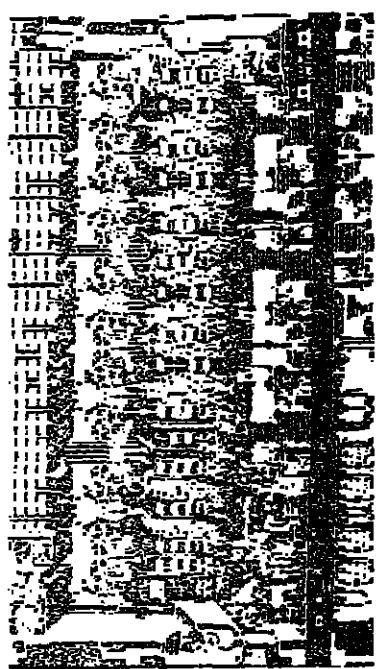
One reason why sales held up so well last year was that companies, whether losing money or not, found they needed the equipment.

"People don't care about capacity

so much, they care about competitiveness and effectiveness," says Barak.

Optrotech has two basic lines, automated inspection equipment for PCBs, and a CAD/CAM system that aids the automation of PCB artwork, plotting, editing and archiving. It was a world innovator of the PCB inspection system and the CAD/CAM line is seen as complementary.

In addition, the company has recently launched three new important product lines.



"People don't care about capacity so much, they care about competitiveness and effectiveness."

Last October, Optrotech introduced a new generation of its Vision line. The 206 is the most sophisticated and fastest machine on the market, the company claims; and within a week a new model of the junior version, the 107, will be launched. In addition, a new CAD/CAM model will be launched at the Nepecon West trade show in Los Angeles later this month.

Optrotech does not release its backlog position but is estimated around \$8m. and expected to increase it substantially after the Nepecon West show, because buyers hold off buying to see what is offered at the show.

Shareholders in Optrotech have had a rocky ride over the past couple of years, but Barak promises to pay more attention to his investors this year. Shares were offered to the public in the U.S. over-the-counter market in August 1984, at \$7 each (after accounting for splits). The shares rose to \$16 but fell steadily to \$3 six months ago. Today they are trading at over \$6.

Barak accounts for the public's loss of confidence in the company to the fear about what was happening in the printed circuit board industry, especially to companies supplying capital equipment, and a general loss of confidence in the Israeli economy. The outlook for both of these has improved, particularly the economy, where the off-putting hyperinflation has for the moment been held in check.



Shlomo Barak, a printed circuit board. (INP/dpa)

Optrotech exports 98 per cent of its production, 55 per cent to the U.S. and the rest is split equally between Western Europe and Japan. Its customers include all the big names in the PCB industry, including independents and in-house producers. Barak admits the company has little flexibility to switch markets to take advantage of favourable currency movements because the potential market is dominated by the U.S. In addition, Optrotech receives much of its equipment's hardware from Europe and this has boosted costs.

Some time ago, the firm identified a new market for its Vision equipment, inspecting semi-conductor wafers. As a result, a new company, Opal Inc. was spun off last year with two major venture capitalists taking stakes and Optrotech being granted 31.5 per cent for the technology transfer. The market potential for semi-conductors is greater than for PCBs. Opal is expected to produce a profit from 1988.

The potential market for PCB and CAD/CAM equipment is estimated at over \$600m. and so far only one-sixth of that has been tapped.

Optrotech's market share has been as high as 75 per cent but competitors and imitators are closing in. Barak is scathing of what he terms the "me-too" competitors, some of whose products verge on piracy. He is considering taking legal action to protect Optrotech's products but the costs are high for dubious returns. Barak is also confident that his new range of products will continue to give Optrotech a competitive edge.

The company spends around 20 per cent of its turnover on research and development, and Barak says he has no intention of reducing that. Profit could be boosted by cutting R&D but this would be a short-sighted approach, he says, as things stand he sees no reason why profits and high R&D spending can't go hand-in-hand, in fact he sees it as imperative.

Around 100 of the company's 270 staff are involved in R&D. Sales per employee are around \$100,000, which rates very high by Israeli standards and is comparable with top U.S. companies.

A recent report on Optrotech by the corporate research section of Bear Stearns, the U.S. brokers who managed Optrotech's U.S. issue, is bullish. "We continue to view Optrotech as a somewhat speculative but intriguing long-term investment opportunity," they say.

"Optrotech's principal strength has been its ability to enhance a manufacturer's productivity by offering cost-effective equipment, as opposed to relying solely on capacity expansion in the PCB industry," says Bear Stearns.

The brokers expect pre-tax income to be around \$2m. and net income \$1.8m. for 1987.

Barak himself is optimistic and discounts assertions that he is more interested in sales than profit.

"Profit is your degree of freedom. A certain amount of reasonable profit is a must. Ten per cent is reasonable and we should fight for it," he says.



A United Jewish Appeal delegation in Israel. (IDF photo)

## After U.S. tax reforms

## Fundraising will be harder, but pro-Israel charities bullish

By DAVID ROSENBERG

NEW YORK. — Congress may have made the job tougher this year, but the United Jewish Appeal and other U.S. organizations that raise money for Israel say they expect to collect more contributions this year than ever.

The tax reform package signed into law by President Reagan late last year reduces incentives to give charitable contributions and has many organizations in the non-profit sector worried. A study prepared for the Independent Sector, a consortium of U.S. non-profit organizations, estimated last year that changes in the tax laws could cut charitable contributions by as much as \$15 billion a year, equal to 18 per cent of all giving. The changes go into effect over the next two years.

However, among groups that raise money for Israel, the consensus appears to be that while they will have to work harder and devise more innovative methods for raising funds, the impact on the bottom line will be minimal. "Jews tend to give to the UJA — and all other causes for that matter — out of a conviction that overshadows other considerations," UJA President Stanley Horowitz told The Jerusalem Post.

"There's a deep concern, and I can understand why, in the university and other non-sectarian fields," says Horowitz about the tax reforms' effect on contributions. "But not so in the Jewish community. I don't see any panic."

"I attribute that to a pattern. It's become a way of life" to give to community organizations.

From a strictly financial point of view, however, giving money to charity has become less attractive in the U.S. The top marginal rate for individual taxpayers is dropping from 50 per cent to 28 per cent, which means high income groups now save less on their taxes when making charitable contributions than in previous years. Contributions continue to be tax deductible but, with lower rates, the value of the deduction declines.

For smaller contributors, the incentive to give will be damped by the new tax law's requirement that all donations be itemized, that is, fully accounted for in tax returns. Until now, taxpayers could lump all their contributions into one figure and deduct it from their taxable income. Finally, assets that have appreciated in value between the time they were acquired and the time they are given as donation, such as securities and real estate, are no longer so lucrative from a tax viewpoint. Although for tax purposes the full market value is

preserved the increased value of the asset is subject to a minimum tax.

Horowitz concedes that the reduction of tax rates "makes it more expensive to give," but says it will have little effect on UJA's fundraising activities that year. "I can't explain it for the general public, but in the Jewish community [giving] is a sign of commitment," he says.

Horowitz forecasts contributions to UJA will grow 5 to 10 per cent this year, in line with the increases of previous years, to between \$690 million to \$700m. About half of that will go to Israel; the balance will remain in the U.S. to fund local Jewish community activities.

Jonathan Jacoby, executive director of the New Israel Fund (NIF), which raised \$1.9m. last year for liberal causes in Israel, agrees that contributors give because "they believe in something," not solely for the tax advantages. But he remains more cautious than Horowitz on the effects of the reforms.

Although the NIF has raised more than half the \$2.5m. it expects to collect in the current fiscal year, Jacoby says the verdict still is not in on how the tax reforms will affect the non-profit sector. The NIF is in a "growth mode," he says. "I don't think the tax will affect our momentum... [though] it may slow us down a little."

Like many other charitable groups, the NIF encouraged donors to make gifts during 1986 because of the unfavourable provisions of the new tax code. A flyer produced by the organization advised contributors to give by December 31, 1986 if they were not planning to itemize deductions and recommended that those who pledged a contribution for 1987 make payment in advance.

The Jewish National Fund is taking several steps to counter the effects of the tax reforms. "Everybody will be affected by the new tax laws, but I think the effect will be minimal on the JNF," Stuart Paskow, director of public relations, told The Jerusalem Post, largely because it has such a broad base of contributors.

Nonetheless, he admits it will be harder to meet the JNF's goal of doubling the \$12m. in contributions it collected last year. One solution is mass marketing, says Paskow. By next month the JNF will have an 800 number that will allow people to call from anywhere in the U.S. toll free to buy trees for JNF forests in Israel. "We're trying to create a situation where whenever there's a *simcha*, death or whatever, they'll call up," says Paskow.

Additionally, the JNF is taking to

the airwaves with television commercials. Paskow says there is enough interest among non-Jews to justify the expense. Indeed, the JNF is buying air time on the Christian Broadcasting Network, a cable system.

In direct response to the changes in the tax laws, the JNF is also publicizing programmes aimed at taking advantage of whatever tax breaks are available. In one programme, Paskow says, donors purchase a \$31,000 zero coupon bond — which will be worth \$50,000 at maturity, the cost of a new forest — and give it to the JNF. Normally, a donor would be asked to give the \$50,000 in installments over three years. In the new programme, the JNF has to wait five years (the time it takes for the bond to mature) to get its \$50,000, but the donor "gets the forest, the plaque and the [tax] savings immediately," Paskow explains.

The programme is being marketed with Amap.

Horowitz and Paskow agree that the chief challenge facing fundraisers working for Israeli causes is changing attitudes. "Many young people consider themselves citizens of the world... They don't want to give to Zionist causes," Paskow says. "The JNF's response has been to give its projects universal appeal by emphasizing, for instance, the role of agricultural projects in Israel in solving the problem of world hunger."

"The constituency of Zionism is shrinking," Paskow adds.

Even among Zionists, there is growing awareness of Israel's internal problems, particularly the conflict between the Orthodox and secular populations, that has the effect of dampening enthusiasm for the Jewish state, says Horowitz.

"This is supposed to be a state of all the Jews... It raises the deepest kind of questions," says Horowitz of the American Jewish community's view.

"The overwhelming number of American Jews are Conservative, Reform or secular and don't understand it [the religious-secular conflict] and regard it as unfair and divisive," says Horowitz. "It will reflect itself in the campaign, unless it's resolved."

Recent threats by some groups and individuals to withhold UJA contributions to protest funding of religious institutions regarded as anti-Zionist or intolerant has passed without any discernible effects on overall giving, Horowitz adds. But, he warns, "It remains a pressing issue."



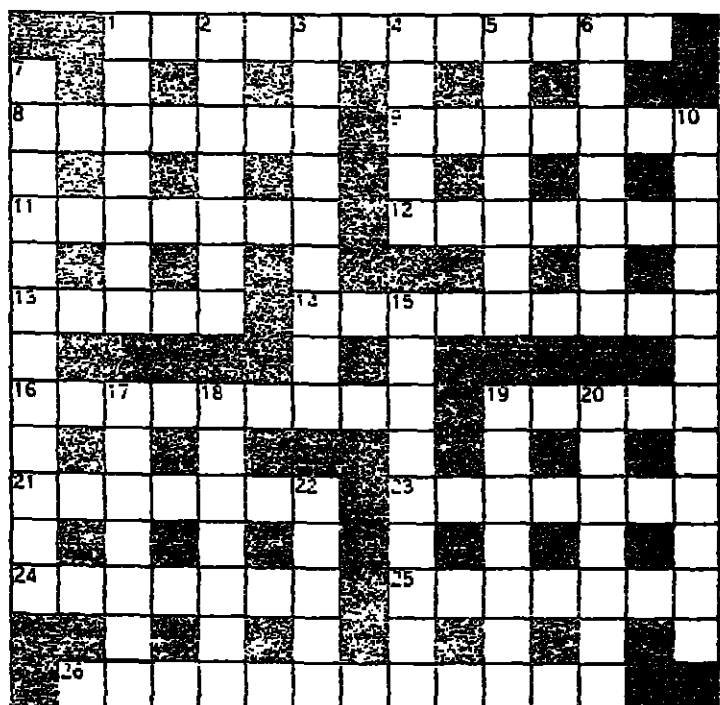
## CROSSWORD

### ACROSS

- 1 Something to remind us that we have been found out (8-4)
- 81 Get into real trouble on a wing flap (7)
- 9 American apple we associate somehow with Spain (7)
- 11 Get to know about a tissue of lies (7)
- 12 Useful stand-by for the person who doesn't know which way to turn (4-5)
- 13 Not just any kind of injury? (5)
- 14 Something that is hard to rub out (3-6)
- 16 Simple and fresh colour (4-5)
- 19 Award for a priest of unusual merit (5)

### DOWN

- 21 A member led out in a state of apprehension (7)
- 23 Made arrangements (7)
- 24 A letter that is spelt incorrectly (7)
- 25 Forbear to give a sailor a black mark? (7)
- 26 Game dogs they are, those Dublin composers! (5,7)



### DOWN

- 4 Comparatively unused Scandinavian water-jug? (5)
- 5 A fabulous horseman (7)
- 6 Picks up the threads again about everything the prophet turns out? (7)
- 7 What the firemen had when the roof nearly fell on them? (6,6)
- 10 A merger of journals celebrating two years of union activities? (5,7)
- 15 The art of giving a ruling (9)
- 17 An artisan who needs glasses (7)
- 18 Egg-cells from Maesteg, possibly (7)
- 19 A French painter takes it up en masse (7)
- 20 Mediterranean vessels checked in the Highlands? (7)
- 22 Exploits that have to be witnessed (5)

### YESTERDAY'S SOLUTION

**BUTTERFLY WINGS**  
H V O L A S  
M O D E L L E R L I T E R  
P U R I T I U T E  
A R G O M A T C H S H I C K  
S E L F P R A I S E  
T A T T O O E D A R A G O N  
H I L L O P A G  
H I L K N E Y H E A T H R O W  
S N E B N O O  
T H E M E M U S I C M O O R  
O L A R T E T K  
R I L L S E V E R Y M A N  
Y E O A N R G  
B R I N G I N G U P T H E A R

**QUICK SOLUTION**  
ACROSS: 1 Fill. 3 Harmonic. 9 Rowan. 10 Paragon. 11 Tom. 13 Pirouette. 14 Podium. 16 Depart. 18 Carriage. 25 End. 22 Ominous. 23 Saint. 25 Oleander. 26 Jeer. DOWN: 1 First. 2 Low. 4 Ampere. 5 Marquee. 7 Nightmare. 7 Consent. 8 Snap. 12 Modernism. 14 Piccolo. 15 Unicorn. 17 Lassie. 18 Easy. 21 Deter. 24 Ice.

## QUICK CROSSWORD

### ACROSS

- 1 Informal gatherings
- 5 Destroys
- 8 Dispute
- 9 Liberty
- 10 Renegade
- 11 Shrewd
- 12 Brainy
- 13 Expand
- 17 Relation
- 18 Spitefulness
- 22 Set apart
- 23 Mendacious
- 24 Bare
- 25 Cough mixture

### DOWN

- 1 Tilt
- 2 Related
- 3 Vigilant
- 4 Hunting expedition
- 5 Patella
- 6 Burdened
- 7 Siberian dog
- 12 Prudence
- 13 Green gear
- 15 Self-centered person
- 16 Scurrilous trial
- 18 Timepiece
- 20 Man-made fibre
- 21 Raves fiercely

## GENERAL ASSISTANCE EMERGENCY PHARMACIES

**Jerusalem:** Ideal, Kiryat Yovel commercial centre, 410801; Belsam, Salah Eddin, 272315; Shu'afat, Shu'afat Road, 810708; Dar Al-Awda, Herod's Gate, 282058.  
**Tel Aviv:** Bavi, 1 Uziel, corner of 10 Toledo, 440552; Arlosorff, 76 Arlosorff, 230746.  
**Ramat Gan:** Kiryat Savva, Golan Centre, 198 Ahuz, Ra'anana.  
**Netanya:** Harnagen, 13 Sderot Weizmann, 22985.  
**Haifa:** Hadass, 53 Horev, 252214.

## DUTY HOSPITALS

**Jerusalem:** Hadassah Ein Kerem (pediatrics, orthopedics, ophthalmology, E.N.T.), Bikur Holim (internal, obstetrics), Shaare Zedek (surgery).  
**Tel Aviv:** Rotah (pediatrics), Ichilov (internal, surgery).  
**Netanya:** Laniado

## POLICE 100

Dial 100 in most parts of the country. In Tiberias dial 24444, Kiryat Shmona 4444.

## FIRE 102

In emergencies dial 102. Otherwise, dial number of your local station as given in the front of the phone directory.

## FLIGHTS

24 - Hours Flight Information Services: Call 03-9712484 (multi-line), Arava Only (Taped Message) 03-381111 (20 lines)

## FIRST AID 101

Magen David Adom  
In emergencies dial 101 in most parts of the country. In addition:

Ashdod 41333 Jerusalem \*523133  
Ashkelon 23333 Kiryat Shmona \*44334  
Bat Yam \*511111 Netanya \*22333  
Beersheba 74767 Nazareth \*22333  
Carmel \*36666  
Dan Region \*781111 Petah Tikva \*923111  
Elit 7233 Rehovot \*451333  
Hadera 22333 Rishon LeZion 942333  
Haifa \*512233 Savid 30333  
Hatzor 36333 Tel Aviv \*240111  
Holon 803133 Tiberias \*90111

\* Mobile Intensive Care Unit (MICU) service in the area, around the clock.

"Ezer" - Emergency First Aid. Tel. Jerusalem: 227171. Tel. Aviv: 281111 (children/youth 03-261113). Haifa 672222. Beersheba 418111. Netanya 35316.

Rape Crisis Centre (24 hours), for help call Tel Aviv, 234819, Jerusalem - 248564, and Haifa 36251.

The National Poison Control Centre at Rambam Hospital, phone (04) 529205, for emergency calls, 24 hours a day, for information in case of poisoning.  
Kupat Holim Information Centre Tel. 03-433300, 433500 Sunday-Thursday, 8 a.m. to 8 p.m. Friday 8 a.m. to 3 p.m.

## U.S. battles to regain supremacy

BRUSSELS (AFP). — The U.S. is resorting to every kind of political, trade and monetary pressure at its disposal in an effort to restore the supremacy it enjoyed in the West in the 1950s and 60s, European diplomats and European Community officials here say.

Confronted with a record trade deficit, the gradual loss of its technological advantages and the aging of its factories, the U.S. has resorted to threats of protectionism, blunt reminders of the importance to Europe of the U.S. military shield and fluctuations of the dollar to gain trade concessions.

The wave of protectionist sentiment in the U.S., which helped the Democratic Party win control of Congress in last year's elections, has incited the White House to be firmer in its economic dealings with Western allies, comments a high European Economic Community official.

U.S.-EC disputes have included Washington's demands for com-

pensation for lost corn exports to Spain, following Madrid's admission to the EC, U.S. accusations that Europe is unfairly subsidizing the Airbus Industrie manufacturing consortium, Washington's indifference over the effects in Europe of the falling value of the dollar and threats to West German machine tool exports to the U.S.

Diplomats here said that U.S. pressure for trade concessions was threatening the EC's already unsteady political balance, notably by calling into question the EC farm aid system and thus exacerbating tensions between West Germany, Europe's top industrial power, and France, which has the continent's largest farm sector.

U.S. policy, diplomats say, has effectively used "divide and conquer" tactics through such actions as last year's bilateral U.S.-Japanese agreement on semiconductor that ignored European manufacturers completely.

Washington is banking on this

year's round of negotiations, within the General Agreement on Tariffs and Trade (GATT), to liberalize world trade in favour of U.S. exports, they said.

Transatlantic conflicts result partly from differing views on the causes of current world economic disorders, according to analysts here. To remedy the disputes, Washington should correct its budget deficit and stop the dollar's slide, EC officials argue.

U.S. officials counter that West Germany should take more of a leading role in reviving the world economy by exporting less and importing more.

But while such disagreements put strains on the Western alliance, one European diplomat said, they do not for the time being endanger vital strategic or economic ties. The importance of U.S.-EC trade, which reached \$120 billion last year, and transatlantic investments of \$180b., ensure that each side will strive to avoid a damaging trade war, he said.

## Dollar plunges on fears over U.S. policy

LONDON (Reuters). — The dollar plunged a dramatic five West German pfennigs in world currency markets yesterday, after earlier gaining in value, as indications grew that the U.S. still wants it to get weaker.

Markets had thought that the U.S. economy looked in better health than of late, and also that the Group of Five major Western nations

would meet soon to act in concert to arrest the dollar's recent decline. The dollar had thus been traded up.

But remarks by U.S. Treasury Secretary James Baker on U.S. television sent it skidding again. Baker failed to say whether or not he felt the dollar had fallen far enough in its recent slide.

The dollar, after rising nearly two

pfennigs to an early high of 1.8720 Deutschmarks, fell to a low of 1.821 marks after Baker's remarks, before stabilizing at around 1.83.

NO SMOKING. — The New York state public health council has passed a regulation severely restricting smoking in public places.



MARKET  
PLACE

RICHARD SATRAN

Betting on  
recovery

Despite lingering scepticism among some economists, stock market investors have bet heavily that the U.S. economy will improve in 1987 and reports so far this year support their confidence.

Recent data surpassed the expectations of most analysts. The latest U.S. leading indicators, a guide to the future based on December data released last week, showed the best rise in four years, up 2.1 per cent. On Friday, the January employment figures were surprisingly strong.

But though the economy shows signs of improving, with a 1,300-point, 15 per cent Stock Market rally in just five weeks, some forecasters say true recovery could still be far in the future.

"We're heading for a correction," says Gene Jay Seagle of Gruntal and Co. He says the pull-back would be relatively small, however, probably not much more than 5 per cent. Others are predicting a 15 per cent pull-back.

For the week, the Dow Jones Industrial average rose 28.23 points to 2186.37. It was the fifth consecutive advancing week in a rally that started at the 1985 level.

The 30-stock average topped the 2,200 mark at the close of trading for the first time last week, but slipped back 14.62 points on Friday and closed below the level. It was down just over 12 points in late trading yesterday (the final price appears in New York Financial Markets on this page). In January, the index scaled 2,000 and 2,100 for the first time.

"The key factor in the rally so far has been the drop in the dollar," says Hugh Johnson of First Albany Co. By making U.S. goods cheaper to buy abroad, it has potential to boost a wide portion of the American economy.

A big drop in the December trade deficit on the last Friday of January showed that the American trade deficit was responding to the dollar's decline last year. Since December, the currency fell a further 10 per cent against key currencies.

Even before the trade improvement was reported, Stock Market investors were snapping up dollar-sensitive stocks.

Car manufacturing and technological shares, representing two of the U.S. industries most hurt by foreign competition, have led the rally.

Drug, paper and chemical concerns also were snapped up by investors, who suspected that the world operations on these strong-performing industries were likely to do even better now.

But at the end of last week, the dollar was showing signs of stabilizing. The dollar gained on three successive days up to Friday, and profit-taking was most prevalent in the car and drug sector. The dollar, however, dropped sharply yesterday and the outlook is further weakened.

The dollar's activity is viewed as important because other areas of the economy are less likely to improve, says Johnson. Some of the data indicating a strong economy could be linked to one-time investments ahead of the implementation of the 1987 tax reform bill, analysts note. (Reuters)

Rates cut on  
some cargoes

By YA'ACOV FRIEDLER  
HAIFA - The shipowners' group headed by Zim Navigation Co., has lowered its freight charges on building material imports from Italy, in a move apparently motivated by competition created by "outsider" companies attempting to break into the market.

The Shippers' Council, which represents the overseas traders, announced yesterday that the group had lowered its rates - from \$1,000 to \$740 - on containers carrying floor and wall tiles, furnishings and plumbing fixtures from three Italian ports to Israel.

The group operated by Zim consists of several Israeli and foreign shipping companies. The outsiders include A.B. Co. of Tel Aviv and the R.N.S. Italy line represented by Seabridge of Tel Aviv.

## Behind the rate hike

Central bank doubts cabinet  
can hold line on '87 spendingBy PINHAS LANDAU  
Post Finance Reporter

The Bank of Israel yesterday slammed on the brakes in an attempt to curb the runaway growth in borrowing that has fueled a massive spending boom in recent months.

The central bank's dramatic decision to raise interest rates by a full 1 per cent per month - an increase of 60 per cent on the existing rate - seems to have taken the economy by surprise, both in its timing and its extent.

The two moves announced yesterday represent a significant policy shift and were interpreted by observers as representing oblique criticism of the government's appropriations policy and the prospects of keeping the budget deficit to its planned low level in the coming months.

Bank spokesmen, however, were at pains to stress that the move was a temporary one. The head of the monetary department, Victor Medina - who took the decision, along with Governor Michael Bruno and research department head Mordechai "Meme" Frenkel - told *The Jerusalem Post* that if all conditions are fulfilled over the coming two to three months, the interest rate hike could be reversed.

These conditions are that the budget deficit be held at the planned level and that the higher interest rates succeed in reining in the demand for credit. The latter has been growing almost non-stop since the

introduction of the economic stabilization programme in July 1985, but in recent months has been expanding at much faster rates than in the earlier period.

The Bank of Israel raised interest rates by one-third of one per cent per month, or from 15 to 19 per cent in annual terms, in mid-October last year. At the time, the bank said it was signalling that if demand for credit did not subside, it would take further action. This seems now to have come.

Medina emphasized that the latest rise was implemented reluctantly. It was the first time that the central bank had accompanied its announcement of a rise by noting that it was designed to be temporary, and would be reversed within months if conditions allowed, he added.

In response to criticism from industrialists and the commercial sector, Medina said the rise was a "corrective measure" designed to prevent interest rates from falling behind the rate of inflation, rather than a move to restrict the availability of credit.

This was amplified by the Bank of Israel's second decision yesterday, he noted, to reduce liquidity requirements on the banking system and thereby release some NIS 400 million into the system. These would more or less cover the existing liquidity deficits, banking sources said, and relieve the pressure on the banks for short-term funds.

Furthermore, Medina noted, the rise in short-term interest rates need not affect those sectors of the economy engaged in rescheduling their short-term debts into long-term credit lines or bonds. Long-term interest rates had fallen in recent months from over 8 per cent per annum, index-linked, to around 6 per cent in the private sector, while the government was borrowing at 4 per cent, compared with 6.2 per cent fully-linked, only a few months ago.

The first bank to respond to the central bank initiative was Bank Leumi, which announced that its prime rate - the rate on which other borrowing rates are based - would rise by 11 per cent to 30 per cent per annum, with effect this Friday.

This was less than the 12 per cent point rise imposed by the central bank on loans from it to the commercial banks, and Leumi is thus effectively challenging other banks to copy its move or post higher rates and thus place themselves at a competitive disadvantage. Leumi also said that the personal overdrafts available under its "zechui veter" scheme would rise from 31 per cent to 42 per cent in annual terms.

Banking sources noted that the extent of the rise in deposit rates was not yet clear. Deposits of more than NIS 10,000 have been paying 17-19 per cent recently, with very large, or "jumbo" deposits paying as much as 23 per cent.

Trade gap  
up sharply  
last month

Post Economic Staff  
Israel registered a steep \$267.6 million trade deficit last month - a nearly 82 per cent jump from year-earlier levels - largely because of the sharp rise in imports, the Central Bureau of Statistics reported yesterday.

It also reported that exports for the month came to \$554.4m., a 3.6 per cent gain from January 1985.

On a seasonally adjusted basis, however, the trade picture was brighter. Exports were up 9 per cent from the average of the previous two months to \$432.5m., leaving the trade gap at \$295.7m., down 7 per cent from the November-December average.

The figures point up the widening trade gap over the course of last year. The bureau noted that the November-December trade deficit was 70 per cent wider than the average for July through October.

The export figures, too, were also indicative of a weakening trade picture. While exports were up on a seasonally adjusted basis in January from the previous two months, the bureau noted that the November and December average figure was down 20 per cent from July-October export levels.

The widening deficit came from soaring imports. Sunday, the bureau released figures showing January imports to stand at \$822m., a 20.5 per cent jump from a year ago. Consumer goods, which comprised \$95m. of the January total, showed the biggest gain, rising 62.6 per cent.

Gov't gets 2  
weeks to set  
car prices

By JONATHAN KARP

The High Court of Justice yesterday handed the issue of car prices back to the government, granting it two weeks to inspect importers' claims of losses and to devise a new price list for cars with engines of 1600 cubic centimetres or less.

The decision came after the government's attorney said the inter-ministerial committee on pricing was about to recommend a 7 per cent increase. However, the attorney representing the car importers, who last month filed the petition against the Transport and Finance Ministries, contended that such a small increase would make car imports a money-losing business. He cited last month's 10 per cent devaluation of the shekel against foreign currencies.

The court gave the importers five days to provide the committee with documents and calculations backing up their claims. If the committee's conclusions do not satisfy the importers, they will be able to take the matter again to the High Court.

Arye Carasso, head of the Israel Automobile Importers Association, said yesterday's ruling was a small, but important, step forward in their dispute with the government. "At least we are moving away from stagnation. Until today, we weren't even talking."

Carasso predicted that the tabulations would be simple and straightforward, and expressed confidence that the importers' claims would be substantiated. But an economist in the Transport Ministry was sceptical. "I am sure it will not be easy," said Uri Road, the Transport Ministry's director of economics and planning, who has been involved in the recent pricing decisions.

Road said that at this point, the pricing issue was "wide open," indicating that it was possible the government would opt to raise prices by more than 7 per cent, but also that the current recommendation could stand.

The High Court yesterday acknowledged that importers could lawfully refuse to sell cars that were in their stock, even if they had been ordered. Carasso claimed that there were currently 8,000 unsold cars in Israel worth about NIS 200 million.

The Transport Ministry, who earlier tried to force importers to sell their stock at the old prices set on January 1, has now said that it will not sue importers that refuse to sell, as long as they can prove they would lose money, on the sale.

## Tel Aviv Stock Exchange

## MARKET STATISTICS

## Indices:

General Share Index	118.48+0.86%
Non-Bank Index	133.45+1.04%
Arrangement	108.47+0.76%
Insurance	124.32+1.18%
Commerce, Services	127.29+0.52%
Real Estate	128.01+1.21%
Industrial	136.22+0.89%
Textiles	128.57+1.60%
Metals	126.38+1.46%
Electronics	144.10+0.30%
Chemicals	131.14+0.70%
Industrial Invest.	155.14+1.05%
Investment Cos.	142.52+1.37%
General Bond Index	111.38+0.05%
Index-linked Bonds	112.09+0.02%
Fully-linked	114.27+0.02%
Partially-linked	108.66+0.09%
Dollar-linked Bonds	108.44+0.16%
Short-term 0-2 yrs	107.66+0.02%
Medium-term 2-5 yrs	110.84+0.15%
Long-term 5+ yrs	113.79+0.22%

## Turnovers:

Shares - total	NIS 19,583,900
Arrangement	NIS 3,041,100
Non-bank	NIS 15,952,800
Bonds - total	NIS 7,684,700
Index-linked	NIS 4,831,100
Dollar-linked	NIS 2,844,500
Treasury Bills	NIS 2,472,400

## Share Movements:

Advances	180 (102)
of which 5%+	33 (22)
"buyers only"	1 (1)
Declines	84 (156)
of which 5%+	10 (30)
"sellers only"	1 (4)
Unchanged	126 (130)
Trading Halt	32 (34)

## Bond Market Trends:

Index-linked:	3% fully-linked	Mixed/falls to 3%
---------------	-----------------	-------------------

4.25% fully-linked	Mixed to 3%
80% linked	Stable/slightly falls
Double-linked	Stable/mixed to 2%
Dollar-linked	
Admon	Rises to 0.5%
Rimon	Generally slightly rises
Gilboa	Generally slightly rises
For. Curr.	
denominated	Mixed to 1%
Treasury Bills	(annual yield)
	21.20-21.38%

## Arrangement yields:

IDB ord.	16.20%
Union 0.1	15.64%
Discount A	15.68%
Mizrahi r.	15.53%
Hapoalim r.	15.67%
General A	16.20%
Leumi-stock	15.68%
Fin. Trade 1	15.23%

## SELECTED PRICE QUOTATIONS

Name	Price	Volume	%
------	-------	--------	---

000NIS change

## Commercial Banks

(not part of "arrangement")			
Maritime	1717	5083	-2.8
General non-arr.	28369	279	+0.8
First Int'l	5190	5681	-
RSB	6305	5237	-0.0

## Commercial Banks

(part of "arrangement")			
IDB	90700	1364	-
Union 0.1	68950	175	+0.9
Discount	116650	261	+0.8
Mizrahi	37700	529	+1.1
Hapoalim r.	62100	710	+0.8
General A	159800	82	+1.9
Bayasid 0.1	39450	1429	+0.6
Fin. Trade	52700	3	+1.5

## Mortgage Banks

Leumi Mort. r.	11200	458	-
Dev. Mort.	3730	803	+1.4
Miehlan r.	4150	1165	+3.8
Tefahot r.	20850	218	-
Mervav r.	8800	93	+1.2

## Financial Institutions

Agric C	no trading		
Ind. Dev. DD	no trading		
Clal Leasing 0.1	22850	17	-

## Insurance

Ararat 0.1 r.	1771	1555	-0.5
Haesneh r.	442	76769	+3.0
Phoenix 0.1	950	12121	+0.4
Harnishmar	7650	181	+4.1
Menorah 1	2818	336	-
Sahar r.	7250	1422	-
Zion Hold. 1	10290	36	-0.1

## Trade &amp; Services

Meir Ezra	1420	10615	-9.0
Supersol 2	11000	926	-
Delek r.	4570	2395	+1.0
Lighterage	18000	85	-4.3
Cold Storage	1170	2445	+5.4
Dan Hotels	2050	914	+7.0
Yarden Hotel	2785	156	-
Hilon 1	no trading		
Team 1	1005	1311	+0.4

## Real Estate, Building and

Agriculture			
Azoria	1140	12883	-
Elion	931	6914	+1.7
Africa Int. 0.1	51999	229	+1.5
Dankner	5800	136	+7.4
Prop. & Bldg.	5070	1430	-
Argaman r.	6066	1226	+5.9
Bayasid 0.1	84100	225	+0.8
ILDC r.	6690	147	-
Rasoco r.	11650	346	-0.4
Mehadrin	2170	8938	-

## Industrials

Dubek b	5740	2165	-9.2
Priz-Ze 1	no trading		
Sunfrost	15350	108	+3.7
Elite	22000	865	+0.2
Adgar	796	9632	+2.3
Argaman r.	17460	71	+2.6
Delta G 1	4160	1270	+4.3
Maquette 1	4840	952	+1.7
Eagle 1	23969	492	+10.0
Polgat	5075	549	-0.4
Schoeller	15700	194	-0.1
Rogovin	2810	355	+1.4
Urdan 0.1 r.	8700	549	-0.6
Is. Can. Co. 1	3620	2394	-
Argaman r.	2769	450	-0.1
Zion Cables	20748	68	-
Pecor Steel	565000	33	-

## Elron

Elron	498890	15	-0.0
Arit	no trading		
Clal Electronics	2670	2024	+2.7
Spectronix 1	no trading		
T.A.T. 1	1899	1137	-5.0
Ackstein 1	1090	2777	+4.8
Agan 5	18050	217	+1.3
Alliance	2400	160	-0.9
Dexter	3271	287	-10.0
Fertilisers	5002	29	-1.9
Haifa Chem.	712	20527	-
Teva r.	12000	1033	-
Dead Sea r.	3700	4170	-
Petrochem.	643	31596	-
Neca Chem.	6990	476	-
Frutaron	15551	39	+6.1
Hadera Paper	420000	113	+3.4
Central Trade	11800	616	-
Koor p.	9750100	0	+0.0
Clal Inds.	2702	15568	+2.0

## Investment Companies

IDB Dev. r.	7640	983	+1.1
Elion	4749	1913	-
Afik 1	299	7985	-
Gahelot	1600	888	+1.6
Gahelot Corp. 1	17000	1117	+4.9
Wolfson 1 r.	130000	3	-1.5
Hapoalim Inv.	10290	999	+4.8
Discount Invest.	4590	1759	-1.8
Mizrahi Invest.	30920	41	-
Clal Inds.	1460	15331	-
Landeco 0.1	2911	500	-8.1
Pama 0.1	12070	66	+0.6

## Oil Exploration

Paz Oil Exp.	27700	248	-
J.O.E.L.	4660	1622	+0.2

Abbreviations: s.o. sellers only b. buyers only

b. bearers registered

FINANCIAL DATA  
ISRAEL, EUROPE, U.S.

## ISRAEL MONEY MARKETS

SHEKEL INTEREST RATES  
PRIME BORROWING RATE: 1.58% per month  
Unlinked Deposit (Annual Rates)

	Last Updated	Tapas	Pakam 7-Day Pakam 30-Day
LEUMI	9.2	8-18.25%	9-18.25%
HAPAOALIM	27.1	8-17.00%	9-17.50%
DISCOUNT	17.12	7-16.00%	8-16.20%
MIZRAHI	1.12	8-17%	8-17.50%
FIRST INT'L	13.1	10-16%	11-17.7%

Rates vary according to size of deposit.  
(Tapes: demand deposit paying daily interest.  
Pakam: fixed-term deposit available from 7 to 59 days.)

## PATAH - FOREIGN CURRENCY DEPOSIT RATES

(February 9)

MINIMUM DEP	3-MONTHS	6-MONTHS	12-MONTHS
USD (\$100,000)	5.500	5.500	5.500
STG (£100,000)	9.375	9.125	9.125
DMK (100,000 marks)	3.000	3.000	3.125
SFR (100,000 francs)	2.375	2.500	2.625
YEN (3,000,000 yen)	2.500	2.375	2.375

Rates vary according to size of deposit and are subject to change.

## SHEKEL FOREIGN EXCHANGE RATES (February 9)

		CHECKS AND TRANSFERS		BANKNOTES		Rep.
		Buy	Sell	Buy	Sell	Prices
Currency basket	1	1.8600	1.8810			1.8703
U.S.A. Dollar		1.6124	1.6326	1.58	1.65	1.6228
Deutschmark		0.8841	0.8749	0.85	0.88	0.8701
Pound Sterling	1	2.4299	2.4603	2.38	2.48	2.4415
French Franc		0.2689	0.2632	0.26	0.27	0.2615
Japanese Yen	100	1.0443	1.0474	1.02	1.07	1.0504
Dutch Florin	1	0.7674	0.7771	0.75	0.79	0.7713
Swiss Franc	1	1.0260	1.0389	1.01	1.05	1.0307
Swedish Krone		0.2443	0.2474	0.24	0.25	0.2457
Norwegian Krone		0.2286	0.2293	0.22	0.23	0.2280
Danish Krone		0.2591	0.2520	0.22	0.23	0.2302
Finnish Mark		0.3479	0.3523	0.34	0.36	0.3500
Canadian Dollar	1	1.078	1.2229	1.18	1.24	1.2154
Australian Dollar	1	1.0734	1.0868	1.01	1.11	1.0801
S. African Rand	1	0.7691	0.7788	0.50	0.60	0.7746
Belgian Franc	10	0.4132	0.4164	0.41	0.42	0.4209
Austrian Shilling	10	1.2304	1.2466	1.21	1.26	1.2364
Italian Lira	1000	1.2187	1.2340	1.19	1.25	1.2245
Jordanian Dinar		—	—			—
Egyptian Pound	1	—	—	0.79	0.84	0.8520
ECU	1	1.7873	1.8097			1.7981



# THE JERUSALEM POST

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## Levy's wry bread

WITH TIME running out for reconvening the disrupted Herut national convention, what Premier Yitzhak Shamir has portrayed as the "idiotic, insane struggle that borders on suicide" between rival camps in his party is growing sharper, and shriller. Its latest expression is David Levy's threat to unilaterally use Housing Ministry funds to start work on six new settlements in Judea and Samaria.

He will personally order work to start on the new settlements. Mr. Levy said in a ceremony marking the start of construction on new Jewish housing in Hebron, if the cabinet stalls the programme.

Mr. Levy knows he cannot legally do so. Although the six new settlements are, as he rightly claims, provided for in the government's policy guidelines, work on them cannot be initiated without the cabinet's approval, and such approval will not be granted without the Alignment's consent, which is certainly to be denied. He knows, too, that in the areas where he would set up his six new settlements it is the defence minister's writ, and not his, that runs, and that Yitzhak Rabin will simply spike all David Levy's independent initiatives.

In practical terms, then, the settlement threat is but another example of Mr. Levy's increasingly strident and pompous oratory.

But the threat was not meant to be taken too seriously in policy terms. What prompted it was all too plainly Mr. Levy's pressing need to fashion a new persona for himself that would sustain his quest of the top of his party's totem pole.

Long the self-styled knight in shining armour, the ambitious aspirant from Beit Shean cannot any longer bank merely on the support of big city neighbourhoods and development towns; he seeks to establish his credentials as an uncompromising fiery nationalist of the old Herut type.

On the face of it, Mr. Levy's challenge is to the Alignment. But the gauntlet he has thrown is in effect aimed principally at Mr. Shamir, whose main party asset is the responsible national leadership image he is seeking to demonstrate. At the same time Mr. Levy is serving notice on Ariel Sharon, that he has no intention of leaving the green pastures of Judea and Samaria to his rival on the right for political exploitation.

By speaking the way he does, Mr. Levy suggests that he would not mind seeing the national unity government dissolved over the issue of the settlements. There is no evidence that that is what he would actually like to see. But apparently he does not mind risking it. In the "idiotic, insane struggle" for Menachem Begin's mantle, anything, it seems, goes.

## TV Napoleons

ISRAELI Television has long become almost synonymous with scandal, and the worst scandals to date have had to do with the refusal of technicians to work as ordered. The action taken by the technicians Sunday night - at half past midnight, to be precise - in blacking the screen out and preventing a mass audience from viewing the end of a live U.S. basketball game, was however a scandal to end all scandals.

As the saying in this country goes, it just cannot go on like this any longer. We either have an orderly state television service in Israel, or we have none at all.

To be sure, the technicians have a case, of sorts. They want more money, but for one reason or another - shortage of funds, maybe? - they do not get what they want. They are willing to work odd hours, but only if they are duly compensated. For example, by more overtime payments. Since that demand has not been met, they decided to take Television House into their own hands, and enforce their own conception of the ethic of work.

Had the chief of the technicians' works committee been confident of the justice and legality of his cause, however, he would not have had the chairman of the Jerusalem branch of the Histadrut technicians union pull the switch for him. Obviously the man behind the blackout devised that clumsy evasive tactic in order to protect himself from punishment by dismissal.

A dismissal notice is what he may nevertheless get from the Broadcasting Authority's disciplinary board, to which his case was referred yesterday after being served with a temporary suspension. Last time the technicians blacked out the screen, Uri Porat, TV's chief, vowed it would be the last time. He cannot now flinch from a genuine showdown.

In fairness to the technicians it must also be said that the labour chaos in TV House - a chaos which drives all parties to distraction - is not of their making alone. But this is no concern of television viewers, who are almost nightly assured, right on the screen, that they are amply rewarded for paying their TV licence fees.

With such chaos, little wonder that the Broadcasting Authority trembles at the prospects of a second TV channel.

## HOSTAGES

(Continued from Page One)

rean, an Indian and two unidentified.

Hundreds of anxious students gathered in small groups around transistor radios at the Beirut University College campus yesterday, braced for news of the four kidnapped professors.

"Killing those teachers would mean killing 2,500 students in Lebanon," one student said bitterly at the tree-lined campus overlooking the Mediterranean.

The university's 2,500 students and 150 staff have been on strike since the professors were seized on January 24 by gunmen disguised as policemen.

Banners condemning the kidnapping fluttered over the heads of students grouped around the campus. "Grab your education and grab it now," one of them said.

Some students were angered by an American naval buildup off the Lebanese coast as well as U.S. secretary George Shultz's remarks yesterday that Beirut should be isolated.

"If Shultz and other people want to bomb my country, they are only bombing people like me who are

seeking education," said business studies student Ramzi Dagher. Lebanese Muslim leaders also criticised Shultz yesterday for urging the isolation of Beirut and its residents.

Shultz, had said Beirut's residents were responsible for what was happening in their city.

"The people of Beirut have to recognize that what they are doing is ruining themselves," he said. "They, in effect, have a plague there. They are isolating themselves from the world and the world should isolate them."

Mohammed Hussein Fadlallah, Shi'ite spiritual mentor of the pro-Iranian Hizbullah (Party of God), said, "We figure (Shultz's remarks) represents evasion from a problem the American administration could solve by exerting pressure on Israel."

In a related development, the German government will take no action on a U.S. request for the extradition of airline hijacking suspect Ali Hamadel until it wins the release of two West Germans kidnapped in Beirut, security sources indicated yesterday.

"The extradition request has been put on the back burner," one source told the Associated Press. "At the moment all attention is turned toward the (German) hostages."

Hamadel is wanted in the U.S. on charges of air piracy and murder in connection with the June 1985 hijacking of a TWA airliner from Athens to Beirut.

# Kremlin's purge

Mikhail Agursky

Gorbachev's surprising suggestion of secret ballots and more than one candidate in party elections has stunned all observers of the Soviet scene. What is behind this unprecedented move? What does it imply?

The Soviet political system has long been a battlefield between different factions, but in the past it was more efficiently camouflaged and could be ignored by outside observers. Now, however, the Soviet media themselves have disclosed that Gorbachev narrowly missed defeat when his nomination was discussed by the Politburo. This refutes the assertions that there was no struggle at all and that Gorbachev succeeded Chernenko as the undisputed leader who immediately established absolute control over the entire political machinery and initiated the process of nomination.

This picture ignored the continuous conflict in which Gorbachev was first among equals, and was confronted by stiff resistance. It is likely that he came near to sharing the political destiny of Hu Yaobang on several occasions, but somehow he gradually consolidated his power. At the last session of the Central Party Committee he scored another victory, although he still does not enjoy absolute dominance.

DESPITE the considerable shake-up of the top-level party and state apparatus, the situation remains basically unchanged. As head of the coalition whose destiny is linked with innovations against conservatism and corruption, Gorbachev met with increasing resistance on the part of the ruling establishment, which is concerned on the one hand with its personal fate and on the other with fear of change in the system. In these circumstances Gorbachev, already a hostage of his own political line, attempted a total reconstitution of the party and state establishment. In fact, he suggested what appears to have been a bloodless purge of hundreds of thousands, even millions, of party officials.

It is quite clear that secret voting and the possibility of choosing between candidates would quickly eliminate old party officials in favour of the younger generation who would actively support Gorbachev in his bid for power. The new order would give them a chance of climbing the political ladder. Gorbachev has undoubtedly mobilized nationwide support for him among the younger generation.

THERE ARE at least two prece-

dents for such moves in Soviet history. The first was the great purges of 1936-38, in which Stalin destroyed, politically and physically, the multi-million elite that had come to power after the Revolution. He regarded this elite as an obstacle to his absolute power and invited the younger generation to take part in a countrywide massacre.

Stalin suggested neither a secret vote nor a choice of candidates, but the making of accusations of Trotskyist-Bukharinist conspiracy and sabotage. Any young man or woman who denounced his boss for such a crime had a good chance of being nominated in his place.

Stalin made a personal appeal to the young generation to take part in the campaign. This called forth a totally new generation of political leadership, consisting of young men and women aged 22-25. Young students were summoned to the Central Party Committee and immediately appointed provincial party secretaries, senior Central Party Committee officials, and so on.

This generation ruled the USSR for several decades and is still in the process of superannuation. Brezhnev, Andropov, Chernenko, Ponomarev, Gromyko - all came to power in the aftermath of the great purges. (There was no problem of employment for purged officials. They were either executed or sent to the gulag.)

KHRUSHCHEV faced the same problem, but the apparatus eventually defeated him. He made several awkward attempts to get rid of the old apparatus to consolidate his power. First of all he introduced the so-called Provincial Economic Councils and liquidated industrial ministries in order to rid Moscow of some Stalinist state officials. However, this proved to be the greatest encouragement to separatism and autarchy and did not last long.

At the end of his rule, Khrushchev introduced a strange political system. He established separate urban and rural party organizations in every province in an attempt to undermine the existing party committee's power and mobilize the support of the rising generation. He did not succeed, and was toppled by a conspiracy in 1964, after which all his organizational reforms were revoked. Brezhnev headed the lesson and

never made any attempt to change the party and state system.

WHAT GORBACHEV suggests is very risky: a revolution from above. What will happen to the hundreds of thousands of party officials who will suffer from a secret ballot? It is already clear that they have become part of a militant conservative opposition. Will the new leadership use force against them? The new leadership will have many supporters, but also many enemies.

The USSR's political prospects are obscure: will Gorbachev be more successful than Khrushchev? His leadership is innovative, but so far it has been manifested mainly in public statements which express good intentions but have not yet been translated into major political and economic decisions. How long will this continue?

It is nonsense to describe the situation in the USSR as a sophisticated public relations campaign to obscure the "truth." This is the worst kind of conspiracy theory, and is reminiscent of how, in 1963, some American politicians and experts tried to interpret the Soviet-Chinese conflict as a sophisticated deception of both China and the USSR in order to deceive and lull the West.

This interpretation was based almost exclusively on the evidence of a strange Soviet defector who dangled the bait before Western intelligence. Let us not now swallow a new bait, that of emotional emigrants whose legitimate hatred of the Soviet system clouds their judgment.

THE SITUATION is still potentially very dangerous. Is there any possibility of reaction against Gorbachev's innovations?

Halford Mackinder, the founder of modern geopolitics, wrote in 1919:

"A national society can be shaped to a desired character while it is young, but when it is old its character is fixed and it is incapable of any great change in its mode of existence."

"Society reposes on the fact that man is a creature of habit. By interlocking the various habits of many men, society obtains a structure which may be compared with that of a running machine."

Unfortunately, this is a harsh reality in the contemporary Soviet Union.

The writer is a member of the Hebrew University's Soviet and Eastern European Research Centre.

## Is the grass greener?

Lucien Harris

WE THOUGHT we had it bad, didn't we?

There was Ernest Japhet's pension, patients abandoned by striking hospital staff, thousands of Bezek telephones "on the blink," idealistic moshavniks being crippled with unexpected debts, severe cuts in the education, health and social service budgets, the Beit Shemesh engines firm in danger of closing down and many hotels empty because U.S. tourists were scared to travel to the Middle East, we certainly needed some relief.

Thank God, there came downpours of blessed rain which raised the level of the Kinneret, for tens of thousands of marvellous Israelis - men, women and children - Ashkenazim and Sephardim, rich and poor, Orthodox and non-Orthodox, kibbutzniks and city-dwellers, who go out every week and give volunteer service to the old and the sick, newcomers from Ethiopia, crippled children, the deaf, the dumb and the blind, and raise funds to fight cancer, cystic fibrosis and so many of the other disasters which strike at our families and homes.

I thought it might help a little if I scanned *The Times*, of London, to take my mind off local problems.

Somewhat, the headlines there seemed decidedly familiar.

Take, for example *The Times* headline of September 23 last year: "Hospitals unable to fill research posts as scientists go overseas."

Or those of September 24: "Baker (Secretary for Education) pledges cash to save universities"; "Tax plan branded unfair"; and "Public spending running £1½ billion ahead of target."

By next day (September 25), the headline was practically screaming: "Payment deficits reached record as imports leap."

All too depressing, I thought: so I skipped *The Times* for a couple of months. Maybe things would get better in the New Year.

### POSTSCRIPTS

RESEARCHERS say they want to find out why a whisper can be as distracting as a shout.

The Psychology Department of the University of Wales' Institute of Science and Technology has been awarded a £31,000 government grant for a 2½ year study into the disruptive effects of speech.

"The value of silence in libraries and classrooms is well-known, but exactly why other people's voices

distract us so much is much less well-understood," said Dr. Dylan Jones, a senior lecturer in the department.

He and two other researchers plan to investigate the phenomenon by putting volunteers in a sound laboratory and asking them to make proof-reading corrections and do memory work while sounds are played in the background.

Jones said the team already has

buy support at elections.

"One Labour council was even asking anglers, dog-lovers, bee keepers, golfers and yachtsmen what grants they would like as part of the plan 'to put together a majority of people who are beholden'," he said.

Then a dire warning in the same issue from SDP leader, Dr. David Owen, that "Britain is likely to lose a generation of scientists because of a second brain-drain." Since 1980, an average of 1,000 British scientists and engineers have settled permanently in the United States each year. Britain was bottom of the league of industrial nations in the proportion of national income spent on scientific and engineering research, he said. The Alliance would give priority to funds for education and training, operating through schools, universities and polytechnics, research establishments and professional institutes.

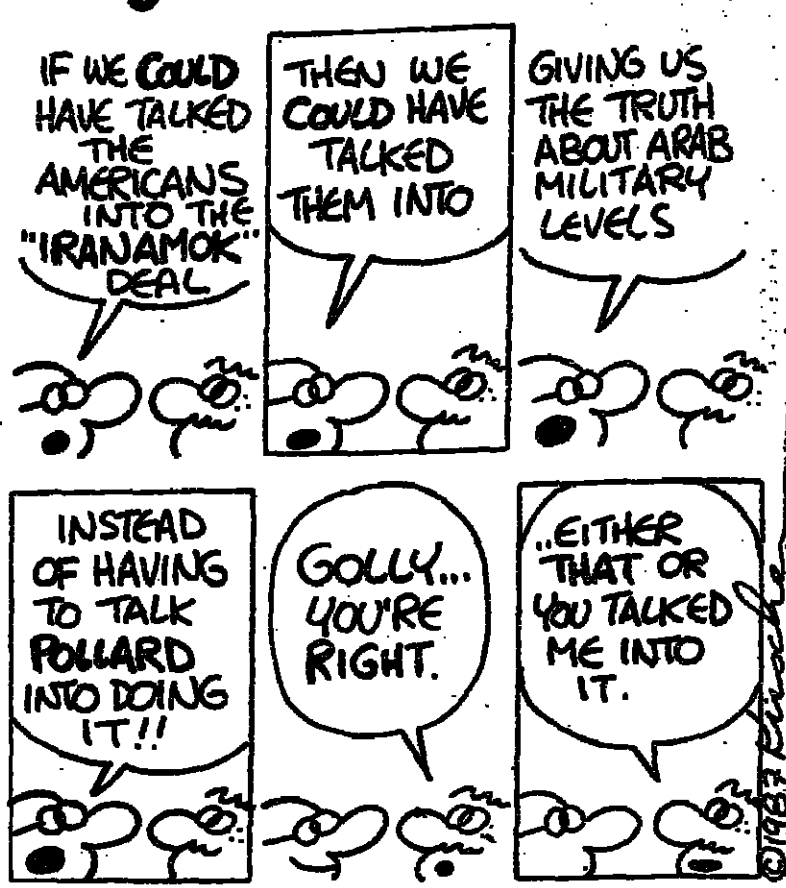
And while winter snows enveloped the British Isles, *The Sunday Times* (January 11) features a front-page report that "emergency telephone repairs for hospitals, police, fire services and coastguards will be under threat from midnight tonight, because of an overtime ban by British Telecom's 110,000 engineers."

No doubt, if a British observer selected a series of headlines from *The Jerusalem Post*, he would come up with a similar grim harvest of Israel's current domestic problems. However, one of the surest safeguards of our democratic system and liberties is this constant exposure of grievous social ills and injustice and of dangerous flaws in public administration.

May Israel and Great Britain long maintain this devotion to the freedom of the press and the flow of vital information to the public.

The writer, a Jerusalem-based lecturer, has held many public positions in Israel since 1948.

## Dry Bones



### READERS' LETTERS

#### PORNOGRAPHY BY COMPUTER

To the Editor of The Jerusalem Post

Sir, - As chairman of an organization that, amongst other activities, offers courses in computer science to currently more than 2,500 young people, I was shocked and disgusted to see on the *Kolbolek* programme how, for the sake of profit, people are prepared to corrupt and degrade our young people. I am referring, of course, to the fact that what appear at first sight to be games for computers, are in fact graphically illustrated sexual acts shown in a manner that magazines and other media, in most civilized countries in the world, are banned from publishing.

Such programmes are apparently readily available from computer stores and what is worse, they can, of course, be copied and circulated even by the youngsters themselves. One can imagine the effect on the minds of young people seeing and playing computer games involving, amongst others, bestiality and perversion.

One must also take into account

the fact that, as opposed to having the unfortunate possibility of seeing blue video tapes on the family television, which at least is under the control of the parents, "playing with the computer" is something which the child and his friends undertake unsupervised.

We earnestly beg of those of our legislators who care about the morals and future of our young to take immediate and stringent action not only to ban all import, production and distribution of pornographic material via the computer, but also to penalize offenders with heavy prison sentences and fines. In formulating such legislation, it should also be borne in mind that it is possible to transmit programmes via telephone lines. Perhaps there should also be legislation, as exists in the United States, banning the use of all forms of communication, i.e. mail, telephone and radio, for the purpose of transmitting pornographic material.

JACK SKLAN,  
Keren Yaldenu.

#### COLOUR THEORY IN TOWN PLANNING

To the Editor of The Jerusalem Post

Sir, - In your issue of January 18, there was a short report to the effect that "Sharir dislikes black."

Whatever criticism Minister Sharir merits in various fields of activity, in this case he is at least theoretically absolutely right. Colour theory is not an exact science, but there are certain facts known about the depressing impact of black in town planning. I read in a textbook about colour theory that the Blackfriars' bridge in London was originally black, and many suicides happened there. After the colour was changed to green,

it seemed that the situation improved.

It is impossible to judge the use of a colour scheme without seeing it. Sometimes black is used to enhance colour, and I have not seen the scheme in Tiberias, but in the new pedestrian mall in Haifa (Nordau Street), I have seen black lamp-posts which look as if planned for a cemetery.

P.K. HOENICH,  
Faculty of Architecture  
and Town Planning,  
The Technion  
Haifa.

#### GOOD FRIENDS

To the Editor of The Jerusalem Post

Sir, - Our good friend, Australian Prime Minister Hawke, "agrees" with self-determination and even an independent state for the Palestinians.

I suggest that Mr. Shamir now visit Australia and, at the dinner in Can-

berra, declare that he agrees that the Aborigines have the right to self-determination and, if they so choose, an independent state anywhere along Australia's coastline, i.e., Queensland, NSW, etc.

EMANUEL FISCHER  
Jerusalem.

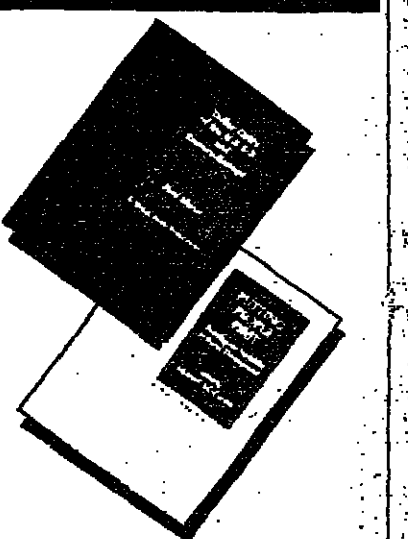
### WORLD BANK PUBLICATIONS

Dollar GNPs of the U.S.S.R. and Eastern Europe

Paul Marer  
This book documents the findings of an important research project to assess alternative methods of computing the dollar GNPs and growth rates of centrally planned economies (CPEs). CPEs have not heretofore been adequately represented in international comparisons, especially in relation to dollar GNPs and growth rates, although these countries account for a significant share of the world's production.

Defines the best among known methods that can be applied to CPEs as a group and makes use of available data. Concludes that adequate GNP data in national currencies can be derived for most CPEs by adjusting official information known to country experts. Identifies conversion rates based on purchasing-power parity information as the best method generally applicable to CPEs for converting such GNP data from local currencies into dollars. Focuses on the U.S.S.R., Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania. 256 pages. NIS \$1.20

Urban Transport  
The unprecedented growth in demand for transport and increases in the costs of energy and construction have exacerbated urban transport problems in the past decade. Such changes have prompted a fresh look at urban transport and its effects on the economic efficiency of cities and the well-being of urban residents. This study sets out the current views of the World Bank on urban transport. 80 pages. NIS 14.24



Putting People First  
Sociological Variables in Rural Development  
edited by Michael M. Cernea  
This book describes a culturally sensitive approach to the preparation, planning, and implementation of rural development projects. It places a strong emphasis on analyzing the social organization of rural populations and their modes of production in livestock projects, community forestry, irrigation and water users' associations, rural roads, fisheries, and agricultural settlements. Examples from World Bank experience are provided and criticism of existing limitations in project preparation is combined with guidelines and practical answers on how to increase the attention paid to local people involved in rural development. 444 pages. NIS 47.35

To: BOOKS, The Jerusalem Post, POB 81, Jerusalem 91000.  
Please send me the book(s) indicated below. I enclosed a cheque for the appropriate amount.

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☐ Putting People First  
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